United Nations

Financial report and audited financial statements

for the 12-month period
from 1 July 2001 to 30 June 2002

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

General Assembly
Official Records
Fifty-seventh Session
Supplement No. 5 (A/57/5)

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Note

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

ICAO	International Civil Aviation Organization
IPTF	International Police Task Force
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURSO	United Nations Mission for the Referendum in Western Sahara
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observer Mission in Angola
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
ONUC	United Nations Operation in the Congo
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
PAS	performance appraisal system
UNAMIR	United Nations Assistance Mission for Rwanda
UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNDP	United Nations Development Programme
UNEF	United Nations Emergency Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNLB	United Nations Logistics Base at Brindisi
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo

UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces
UNPREDEP	United Nations Preventive Deployment Force
UNPROFOR	United Nations Protection Force
UNSMIH	United Nations Support Mission in Haiti
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

27 September 2002

Dear Mr. Chairman,

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the United Nations peacekeeping operations for the 12-month period from 1 July 2001 to 30 June 2002, which I hereby approve. The financial statements have been completed and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) Kofi A. **Annan**

Mr. Shauket A. Fakie
Chairman
United Nations Board of Auditors
New York

3 February 2003

Sir,

I have the honour to transmit to you the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2002, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

The Board of Auditors has signed only the original English version of the audit reports contained in chapters II and III of the present document.

(*Signed*) François **Logerot**
First President of the Court of Accounts of France
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

Chapter I

Financial report on the United Nations peacekeeping operations for the period from 1 July 2001 to 30 June 2002

1. The Secretary-General has the honour to submit his financial report on the accounts of the United Nations peacekeeping operations for the period from 1 July 2001 to 30 June 2002. The accounts in the present volume consist of 38 statements as at the end of June 2002 with related schedules and notes covering peacekeeping operations funded by assessments, as well as the Peacekeeping Reserve Fund, the support account for peacekeeping operations and the United Nations Logistics Base at Brindisi, Italy (see chapter V).

2. As stipulated in financial regulation 2.1, the financial period for peacekeeping operations with special accounts is one year, from 1 July to 30 June, and the financial reporting for those peacekeeping missions is contained in the present volume. The financial reporting for the United Nations Truce Supervision Organization and the United Nations Military Observer Group in India and Pakistan, which are funded from the United Nations regular budget, is done on a biennial basis and is contained in the biennial financial statements covering the regular budget. However, the expenditures of such funds are listed in annex I to the financial statements. The financial reporting of peacekeeping-related activities funded by general trust funds is done on a biennial basis and is contained in the biennial financial statements. However the income, expenditures and fund balances are reflected in annex II to the financial statements.

A. Overview

3. Statements I, II and III summarize the consolidated results of United Nations peacekeeping activities for the period from 1 July 2001 to 30 June 2002. Statement I includes income received and expenditures incurred. Schedule 1.1 reflects expenditures by category incurred by various active missions during the financial period. Statement II includes a summary of assets, liabilities, reserves and fund balances of peacekeeping operations as at 30 June 2002. Statement III summarizes the net cash flows for all peacekeeping activities for the period.

4. The financial situation of the United Nations peacekeeping operations during the period from 1 July 2001 to 30 June 2002 has improved significantly compared with that of the previous financial period, due in part to a large amount received from a Member State in settlement of outstanding peacekeeping assessments. Total unpaid assessed contributions are down by $1.1 billion, from $2.3 billion at the end of June 2001 to $1.2 billion as at 30 June 2002. Available cash is now almost equal to liabilities (see para. 8 below), compared with a shortfall of over $1.3 billion at the end of June 2001.

5. Nevertheless, the failure of a number of Member States to pay their assessed contributions in full and on time for peacekeeping operations as well as for the regular budget and the International Tribunals continues to affect the Organization's ability to meet its financial obligations fully. This has also necessitated borrowing from and among peacekeeping funds, while substantial amounts of obligations to Member States for reimbursement of troop costs and contingent-owned equipment

continued to remain unpaid, due to a lack of available cash in individual peacekeeping missions.

6. **Figure I.1** shows the trend in total expenditures for all assessed peacekeeping missions for the period ended 30 June 2002 and for the four preceding financial periods. During the 12-month period ended 30 June 2002, there was an overall increase in total expenditures of $199.2 million, or 8.4 per cent, mainly as a result of the increased deployment of military personnel at UNAMSIL and MONUC. **Table I.1** shows expenditures for each assessed peacekeeping mission for the last five financial periods.

Figure I.1

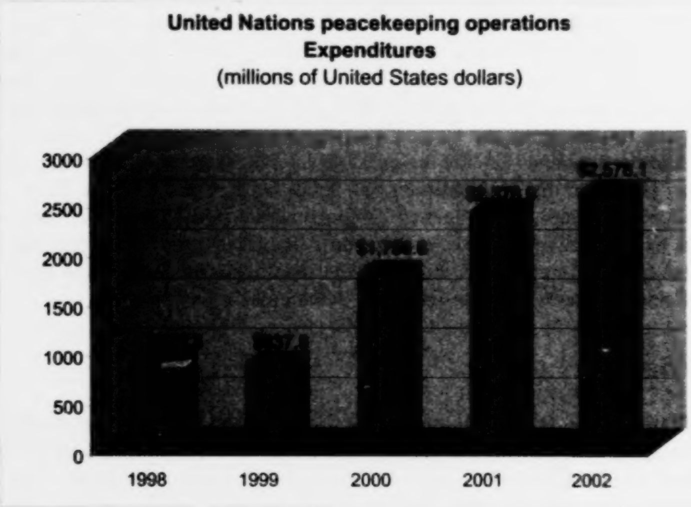


Table I.1

Total expenditures for each assessed peacekeeping mission

(Millions of United States dollars)

Mission	*1 July 1997-30 June 1998*	*1 July 1998-30 June 1999*	*1 July 1999-30 June 2000*	*1 July 2000-30 June 2001*	*1 July 2001-30 June 2002*
UNFICYP	52.7	44.9	45.1	42.4	43.0
UNDOF/UNEF	32.5	33.7	35.0	36.4	35.6
UNIFIL	125.0	134.7	149.6	184.0	138.4
UNIKOM	48.1	50.0	51.0	50.1	50.4
MINURSO	40.9	44.6	55.7	49.7	42.5
UNMIBH	157.1	169.8	152.2	146.2	135.5
UNOMIG	20.9	21.7	25.0	26.0	26.2
UNAMSIL/UNOMSIL	-	12.9	264.9	522.1	643.2
UNMIK	-	-	362.4	383.5	373.6
MONUC	-	-	55.3	246.5	401.3
UNTAET	-	-	292.0	527.6	475.9
UNMEE	-	-	-	164.1	192.9
UNMOT	13.9	16.3	13.7	-	-
UNSMIH/UNTMIH/MIPONUH	29.4	28.0	19.1	0.1	-
MINURCA	17.6	63.0	40.6	0.1	-
MONUA/UNAVEM	170.5	133.0	14.2	0.1	-
UNPREDEP	39.6	41.9	1.1	-	-
UNTAES	119.9	7.2	-	-	-
UNOMIL	10.0	-	-	-	-
UNPF	1.2	-	179.9	-	-
UNOSOM	-	-	-	-	19.6
UNTAC	-	36.1	-	-	-
Total	**879.3**	**837.8**	**1 756.8**	**2 378.9**	**2 578.1**

7. Figure I.2 shows trends in total unpaid assessed contributions for peacekeeping operations as at 30 June 2002 and as at the end of the four preceding financial periods. The substantial decrease of $1,103.4 million, or 46.9 per cent, as at 30 June 2002 compared with the end of the previous period was attributable to a large payment by a Member State during the fiscal year. Table I.2 shows the amounts of unpaid assessed contributions for each of the United Nations peacekeeping operations as at the end of the last five financial periods.

Figure I.2

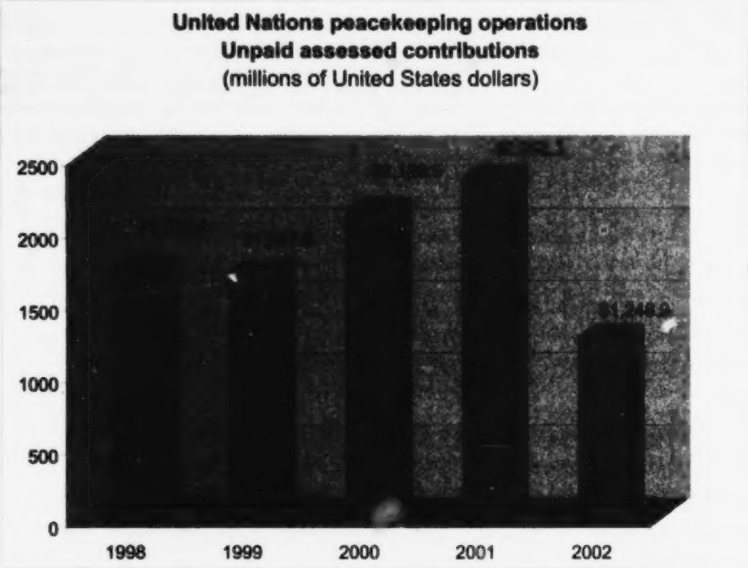

United Nations peacekeeping operations
Unpaid assessed contributions
(millions of United States dollars)
2500
2000
1500
1000
500
0
$1,248.9
1998
1999
2000
2001
2002

Table I.2
Unpaid assessed contributions

(Millions of United States dollars)

Mission	*30 June 1998*	*30 June 1999*	*30 June 2000*	*30 June 2001*	*30 June 2002*
UNFICYP	15.7	17.4	18.0	18.3	13.7
UNDOF/UNEF	14.9	14.7	15.1	14.4	15.4
UNIFIL	112.8	108.6	111.6	165.5	84.3
UNIKOM	11.1	10.4	11.6	13.5	12.2
MINURSO	64.0	54.8	76.7	90.0	48.5
UNMIBH	54.4	35.6	44.7	50.1	53.4
UNOMIG	6.6	7.9	12.1	12.4	6.5
UNAMSIL/UNOMSIL	-	4.5	135.3	243.9	141.1
UNMIK	-	-	93.7	120.1	48.7
MONUC	-	-	165.3	118.1	94.3
UNTAET	-	-	171.7	191.0	110.7
UNMEE	-	-	-	121.0	33.4
UNMOT	7.0	4.9	2.5	1.7	1.5
UNSMIH/UNTMIH/MIPONUH	17.5	22.4	21.1	20.2	19.8
MINURCA	18.4	47.5	40.6	36.2	36.0
MONUA/UNAVEM	122.6	129.1	95.4	75.8	51.6
UNPREDEP	11.1	15.5	9.6	9.5	3.6
UNTAES	50.7	31.6	26.3	26.1	14.4
UNOMIL	6.2	5.6	5.4	4.0	3.5
UNPF	693.8	671.0	621.5	617.0	192.0
MINUGUA	0.3	0.2	0.2	0.2	0.2
UNMIH	8.5	8.0	7.2	2.7	2.0
UNAMIR/UNOMUR	26.7	25.8	24.9	24.4	19.4
ONUSAL	12.0	3.1	2.9	2.8	2.8
ONUMOZ	24.3	20.1	19.1	18.8	18.8
UNOSOM	301.1	284.5	233.8	194.1	61.4
UNMLT	-	-	-	-	-
UNTAC	43.2	47.4	45.7	43.8	43.0
UNTAG	0.4	0.4	0.3	0.1	0.1
UNIIMOG	0.1	0.1	0.1	0.1	0.1
UNEF (1956)	42.6	42.6	42.6	42.6	42.6
ONUC	73.9	73.9	73.9	73.9	73.9
Total	**1 739.9**	**1 687.6**	**2 128.9**	**2 352.3**	**1 248.9**

8. Table I.3 shows the cash available for each peacekeeping operation as at 30 June 2002 and its total liabilities, including amounts owed to Member States.

Available cash for all assessed peacekeeping missions totalled $1,519.0 million, while total liabilities were slightly higher, at $1,637.6 million.

Table I.3
Available cash versus liabilities as at 30 June 2002
(Millions of United States dollars)

Mission	*Available cash*[a]	*Liabilities*[b]
UNFICYP	20.7	15.3
UNDOF/UNEF	21.5	14.6
UNIFIL	147.3	84.7
UNIKOM	52.9	22.1
MINURSO	6.5	17.0
UNMIBH	17.0	16.5
UNOMIG	8.4	6.6
UNAMSIL/UNOMSIL	350.6	434.4
UNMIK	120.1	103.9
MONUC	105.3	159.7
UNTAET	104.6	195.8
UNMEE	94.5	105.3
UNMOT	8.0	0.6
UNSMIH/UNTMIH/MIPONUH	1.9	10.6
MINURCA	0.3	30.0
MONUA/UNAVEM	58.6	4.0
UNPREDEP	25.9	19.5
UNTAES	43.5	30.3
UNOMIL	13.0	-
UNPF	158.6	178.0
MINUGUA	-	0.1
UNMIH	64.5	14.3
UNAMIR/UNOMUR	32.7	7.4
ONUSAL	6.8	0.9
ONUMOZ	0.5	2.1
UNOSOM	10.4	34.6
UNMLT	0.2	0.1
UNTAC	1.7	44.5
UNTAG	39.0	-
UNIIMOG	4.0	-
UNEF (1956)	-	38.3
ONUC	-	46.4
Total	**1 519.0**	**1 637.6**

[a] Comprises sum of cash and term deposits and the cash pool.
[b] Represents total liabilities.

B. Active peacekeeping operations

9. Statements IV to XV present the financial position for each of the peacekeeping operations active during the period from 1 July 2001 to 30 June 2002, along with detailed expenditure schedules.

10. Statement IV represents the accounts of the United Nations Peacekeeping Force in Cyprus, which are different from those of other peacekeeping operations. Prior to 16 June 1993, UNFICYP operations were funded solely by voluntary contributions in cash and in kind. Accordingly, no obligations were recorded in the accounts prior to 16 June 1993 unless sufficient voluntary contributions had been pledged or received to cover them. As a consequence, a total of $167.3 million in outstanding obligations due to the Member States incurred prior to 16 June 1993 is not shown as a liability for that period. The General Assembly, in its resolution 47/236 of 14 September 1993, decided that, beginning 16 June 1993, the costs of UNFICYP operations should be treated as expenses of the Organization to be borne by all Member States. Assessments have been made for mandate periods starting from 16 June 1993. Total expenditures for the 12-month period ending 30 June 2002 amounted to $43.0 million, compared with an appropriation of $43.8 million for the financial period. Total unpaid assessed contributions as at 30 June 2002 amounting to $13.7 million reflect a decrease of $4.6 million.

11. The United Nations Emergency Force 1973 and the United Nations Disengagement Observer Force (statement V) had a total authorized retained surplus of $36.0 million, which represents the amount transferred to a special account in accordance with General Assembly resolution 36/116 A of 10 December 1981. Total expenditures during the 12-month period from 1 July 2001 to 30 June 2002 amounted to $35.6 million, compared with an appropriation of $35.7 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $15.4 million reflect an increase of $1.0 million.

12. The United Nations Interim Force in Lebanon (statement VI) maintained authorized retained surpluses totalling $82.9 million, including $19.6 million that had been transferred to a special account in accordance with General Assembly resolution 36/116 A. Total expenditures for the 12-month period from 1 July 2001 to 30 June 2002 amounted to $138.4 million, compared with an appropriation of $144.1 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $84.3 million reflect a decrease of $81.3 million.

13. Statement VII presents the financial position of the United Nations Iraq-Kuwait Observation Mission. Total expenditures for the 12-month period from 1 July 2001 to 30 June 2002 amounted to $50.4 million, compared with an appropriation of $55.9 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $12.2 million reflect a decrease of $1.3 million.

14. Statement VIII presents the financial position of the United Nations Mission for the Referendum in Western Sahara. Total expenditures for the 12-month period from 1 July 2001 to 30 June 2002 amounted to $42.5 million, compared with an appropriation of $53.9 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $48.5 million reflect a decrease of $41.5 million.

15. Statement IX presents the financial position of the United Nations Mission in Bosnia and Herzegovina. The total expenditure for the 12-month period from 1 July

2001 to 30 June 2002 amounted to $135.5 million, compared with an appropriation of $144.8 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $53.4 million reflect an increase of $3.3 million. The related missions of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium and the United Nations Preventive Deployment Force are highlighted under section E below.

16. Statement X presents the financial position of the United Nations Observer Mission in Georgia. Total expenditures for the 12-month period from 1 July 2001 to 30 June 2002 amounted to $26.2 million, compared with an appropriation of $27.9 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $6.5 million reflect a decrease of $5.9 million.

17. Statement XI presents the financial position of the United Nations Mission in Sierra Leone and the United Nations Observer Mission in Sierra Leone. Total expenditures for the period from 1 July 2001 to 30 June 2002 rose to $643.2 million as a result of the authorization of additional deployments of military personnel, coupled with the revised reimbursement rate for contingent-owned equipment and self-sustainment. This compares with an appropriation of $717.6 million for the financial period. Total unpaid assessed contributions as at 30 June 2002 amounting to $141.1 million reflect a decrease of $102.8 million.

18. Statement XII presents the financial position of the United Nations Interim Administration Mission in Kosovo. Total expenditures for the period from 1 July 2001 to 30 June 2002 amounted to $373.6 million, compared with an appropriation of $413.4 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $48.7 million reflect a decrease of $71.4 million.

19. Statement XIII presents the financial position of the United Nations Organization Mission in the Democratic Republic of the Congo. Total expenditures for the 12-month period from 1 July 2001 to 30 June 2002 rose to $401.3 million as a result of the authorization of additional deployments of military personnel. This compares with an appropriation of $462.5 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $94.3 million reflect a decrease of $23.8 million.

20. Statement XIV presents the financial position of the United Nations Transitional Administration in East Timor. Total expenditures for the 12-month period from 1 July 2001 to 30 June 2002 amounted to $475.9 million, compared with an appropriation of $476.9 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $110.7 million reflect a decrease of $80.3 million.

21. Statement XV presents the financial position of the United Nations Mission in Ethiopia and Eritrea. Total expenditures amounted to $192.9 million for the period from 31 July 2001 to 30 June 2002, compared with an appropriation of $206.3 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $33.4 million reflect a decrease of $87.6 million.

C. United Nations Peacekeeping Reserve Fund

22. The United Nations Peacekeeping Reserve Fund (statement XVI) was established by the General Assembly in its resolution 47/217 of 23 December 1992 to serve as a cash-flow mechanism to ensure the rapid deployment of peacekeeping

operations. In accordance with the resolution, the initial level of the reserve fund was set at $150.0 million, which comprised funds transferred from a cumulative surplus of $49.2 million from the United Nations Transition Assistance Group, $18.2 million from the United Nations Iran-Iraq Military Observer Group and $82.6 million from the retained surplus of the United Nations General Fund. Total reserves and fund balances as at 30 June 2002 were $197.4 million, comprising the above-mentioned working capital funds of $150.0 million and $47.4 million in cumulative surplus.

D. Support account for peacekeeping operations

23. Central administrative support for all peacekeeping operations is funded through the support account for peacekeeping operations (statement XVII). The support account derives its income from allocations from the existing budgets of the active peacekeeping operations, as decided by the General Assembly. Total expenditures for administrative support provided to peacekeeping operations, most of which were for staff and other personnel costs, totalled $84.3 million during the 12-month financial period ending 30 June 2002, compared with $89.7 million appropriated for the financial period.

24. Statement XVIII presents the financial position of the United Nations Logistics Base at Brindisi, which was established to receive, inspect, repair, distribute and store surplus assets from closed and/or downsized missions and to assemble and maintain mission start-up kits. Ongoing funding for the Logistics Base is derived from allocations from the existing budgets of active peacekeeping operations. During the period ended 30 June 2002, total expenditures equalled the appropriation of $9.0 million. Starting in fiscal year 2003, reserves of strategic deployment stocks will also be maintained at the Logistics Base. Funding for the strategic deployment stocks will be from UNPF, UNMIH and the Peacekeeping Reserve Fund, in accordance with General Assembly resolution 56/292 of 27 June 2002.

E. Completed peacekeeping operations

25. Statement XIX presents the financial position of the United Nations Mission of Observers in Tajikistan, which ceased operations in May 2000. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest and miscellaneous income of $0.4 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $1.5 million reflect a decrease of $0.2 million.

26. Statement XX presents the combined financial position of the United Nations Support Mission in Haiti, the United Nations Transition Mission in Haiti and the United Nations Civilian Police Mission in Haiti, which ceased operations in March 2000. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest and miscellaneous income of $0.4 million. Total unpaid assessed contributions as at 30 June 2002 amounting to $19.8 million reflect a decrease of $0.4 million.

27. Statement XXI presents the financial position of the United Nations Mission in the Central African Republic, which ceased operations in February 2000. No expenditure was incurred during the current financial period. Total unpaid assessed

contributions as at 30 June 2002 amounting to $36.0 million reflect a decrease of $0.2 million.

28. Statement XXII presents the financial position of the United Nations Observer Mission in Angola and the United Nations Angola Verification Mission, which ceased operations in February 1999. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest and miscellaneous income ($2.9 million), combined with savings on or cancellation of prior-period obligations ($3.3 million) and offset by a prior-period adjustment ($0.1 million). Total unpaid assessed contributions as at 30 June 2002 amounting to $51.6 million reflect a decrease of $24.2 million.

29. Statement XXIII presents the financial position of the United Nations Preventive Deployment Force, which ceased operations in October 1999. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest income ($2.6 million), savings on or cancellation of prior-period obligations ($0.3 million) and credits returned to Member States ($18.4 million). Total unpaid assessed contributions as at 30 June 2002 amounting to $3.6 million reflect a decrease of $5.9 million.

30. Statement XXIV presents the financial position of the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium, which ceased operations in November 1998. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest and miscellaneous income ($2.4 million), savings on or cancellation of prior-period obligations ($4.8 million) and credits returned to Member States ($35.8 million). Total unpaid assessed contributions as at 30 June 2002 amounting to $14.4 million reflect a decrease of $11.7 million.

31. Statement XXV presents the financial position of the United Nations Observer Mission in Liberia, which ceased operations in June 1998. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest income ($0.6 million) and savings on or cancellation of prior-period obligations ($0.3 million). Total unpaid assessed contributions as at 30 June 2002 amounting to $3.5 million reflect a decrease of $0.5 million.

32. Statement XXVI presents the financial position of the United Nations Peace Forces, which ceased operations in June 1997. No expenditure was incurred during the current financial period. The change in fund balance for the period ended 30 June 2002 was derived from interest income ($6.0 million), miscellaneous income ($1.0 million), prior-period adjustments (-$0.1 million), savings on or cancellation of prior-period obligations ($12.6 million) and credits returned to Member States ($39.3 million). In accordance with General Assembly resolution 56/292, an amount of $96.0 million was authorized for the funding of strategic deployment stocks in Brindisi during fiscal year 2003. Total unpaid assessed contributions as at 30 June 2002 amounting to $192.0 million reflect a decrease of $425.0 million.

33. Statement XXVII presents the financial position of the Military Observer Group of the United Nations Verification Mission in Guatemala, which ceased operations in May 1997. No expenditure was incurred during the current financial period. There was no change in fund balance, and total unpaid assessed contributions as at 30 June 2002 remained at $0.2 million.

34. Statement XXVIII presents the financial position of the United Nations Mission in Haiti, which ceased operations in July 1996. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest income ($2.3 million) and savings on or cancellation of prior-period obligations ($8.6 million). In accordance with General Assembly resolution 56/292, an amount of $45.6 million was authorized for the funding of strategic deployment stocks in Brindisi during fiscal year 2003. Total unpaid assessed contributions as at 30 June 2002 amounting to $2.0 million reflect a decrease of $0.7 million.

35. Statement XXIX presents the financial position of the United Nations Assistance Mission for Rwanda and the United Nations Observer Mission Uganda-Rwanda, which ceased operations in April 1996. No expenditure was incurred during the current financial period. The change in fund balance was derived from interest income ($1.4 million) and savings on or cancellation of prior-period obligations ($1.2 million). Total unpaid assessed contributions as at 30 June 2002 amounting to $19.4 million reflect a decrease of $5.0 million.

36. Statement XXX presents the financial position of the United Nations Observer Mission in El Salvador, which ceased operations in May 1995. No expenditure was incurred during the current financial period. The slight increase in fund balance was due to interest income of $0.3 million. Total unpaid assessed contributions as at 30 June 2002 remain unchanged at $2.8 million.

37. Statement XXXI presents the financial position of the United Nations Operation in Mozambique, which ceased operations in March 1995. No expenditure was incurred during the current financial period. The slight change in the fund balance was derived from interest and miscellaneous income of $0.3 million. Total unpaid assessed contributions as at 30 June 2002 remain unchanged at $18.8 million.

38. Statement XXXII presents the financial position of the United Nations Operation in Somalia, which ceased operations in February 1995. An obligation of $19.6 million was set up during the current financial period for settlement of the long-outstanding claims from troop-contributing countries. Other changes in the fund balance for the period ending 30 June 2002 resulted from interest and miscellaneous income ($2.0 million), offset by prior-period adjustments ($0.3 million). Total unpaid assessed contributions as at 30 June 2002 amounting to $61.4 million reflect a decrease of $132.7 million.

39. Statement XXXIII presents the financial position of the United Nations Military Liaison Team in Cambodia, which ceased operations in November 1994. No expenditure was incurred during the current financial period. Total unpaid assessed contributions as at 30 June 2002 amounted to $12,000.

40. Statement XXXIV presents the accounts of the United Nations Transitional Authority in Cambodia, which ceased operations in March 1994. No expenditure was incurred during the current financial period. Total unpaid assessed contributions as at 30 June 2002 amounting to $43.0 million reflect a decrease of $0.8 million.

41. Statements XXXV to XXXVIII present the financial positions of the United Nations Transition Assistance Group, which completed its mandate on 30 June 1991 (statement XXXV); the United Nations Iran-Iraq Military Observer Group, which completed its mandate on 31 March 1991 (statement XXXVI); the Special Account for United Nations Emergency Force 1956, which completed its mandate on 30 June

1967 (statement XXXVII); and the ad hoc account for the United Nations Operation in the Congo, which completed its mandate on 30 June 1964 (statement XXXVIII). The accounts of the Special Account for UNEF and the Ad hoc account for ONUC remain open because various liabilities cannot be discharged since a number of Member States have not paid their full assessed contributions for those operations.

Annex

Supplementary information

1. The present annex includes supplementary information that the Secretary-General is required to report.

Write-off of losses of cash and receivables

2. In accordance with financial rule 110.14, the Controller, or when required the Secretary-General, after full investigation, has approved write-offs for the financial period from 1 July 2001 to 30 June 2002 totalling $189,942 for peacekeeping operations. In each case it was determined, in the light of the facts known at the time, that: (a) the responsibility for the loss could not be fixed and attached to any official of the United Nations; (b) every effort had been made to collect the amounts due; and (c) further collection efforts would be fruitless.

Write-off of losses of property

3. During the period from 1 July 2001 to 30 June 2002, property losses at various peacekeeping operations amounting to $29.6 million (based on their original costs) were written off in accordance with financial rule 110.15. Those write-offs brought the recorded balances of the properties to the same levels as those shown in the property records for the actual quantities on hand. The details of the amounts written off were reported to the Board of Auditors in accordance with the provisions of financial rule 111.10 (b).

Chapter II

Report of the Board of Auditors

Summary

The Board of Auditors has audited the United Nations peacekeeping operations at Headquarters as well as two field missions funded from the regular budget, 13 missions funded from special assessed contributions, 11 missions in liquidation and the United Nations Logistics Base at Brindisi, Italy. The Board also validated the financial statements for peacekeeping operations with special accounts for the financial period ended 30 June 2002 and conducted a special review at the request of the Advisory Committee on Administrative and Budgetary Questions, as noted in paragraph 5 below.

The Board's main findings are as follows:

(a) The Board noted various instances of non-delivery and significant shortcomings in the performance of the contractor with respect to the provision of airfield services at the United Nations Organization Mission in the Democratic Republic of the Congo, although no penalties were imposed on the contractor;

(b) Approximately 44 per cent of the recommendations made by the Technical Cooperation Bureau of the International Civil Aviation Organization on the system of aviation management in the Department of Peacekeeping Operations were not implemented;

(c) The excess level of the Peacekeeping Reserve Fund as at 30 June 2002 was approximately $47.4 million higher than the approved level of $150 million, representing accrued interest income, but the application thereof was undecided;

(d) The two major trust funds — the Trust Fund to Support the Multinational Force Deployed in East Timor and the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities — had balances of $77.4 million and $40.7 million respectively as at 30 June 2002. These trust funds were inactive and no further expenditure was expected from them under their current mandates;

(e) The Board noted improvements in the management of non-expendable equipment and efforts to maintain more accurate records, which resulted in a significant increase in the level of write-offs. However, the Board observed instances of delays in the approval of property pending write-off and disposal. There were also delays in the write-off process at various missions;

(f) Voluntary contributions receivable of $11.9 million were disclosed in the annual financial statements of the United Nations peacekeeping operations as at 30 June 2002. Approximately $6.4 million (54 per cent) of the amount relates to the United Nations Peacekeeping Force in Cyprus and had been outstanding for more than eight years;

(g) Results-based budgeting objectives were not precise and specific with respect to the circumstances of each mission. Guidance in the development of measurable performance indicators and outputs may have been insufficient;

(h) Accounts payable amounting to $32.7 million had shown no movement during the financial year under review and remained unpaid at year's end;

(i) There were no formal training plans or budgets for peacekeeping operations for the year under review, although a training activities plan was developed for the 2002/03 financial period.

The Board's main recommendations are that the Administration closely monitor the performance of service providers and impose penalties as appropriate; implement recommendations in respect of air safety management; regularize the excess level of the Peacekeeping Reserve Fund; close inactive trust funds; improve controls and processes to ensure complete and accurate custody and recording of non-expendable equipment; resolve outstanding receivables and payables; and implement the training plan that has been developed.

A list of the Board's main recommendations appears in paragraph 11 of the present report.

A. Introduction

1. The Board of Auditors has audited the financial statements of the United Nations peacekeeping operations for the period from 1 July 2001 to 30 June 2002 in accordance with General Assembly resolutions 74 (I) of 7 December 1946, 47/211 of 23 December 1992 and 49/33 A of 23 December 1994. The audit was conducted in conformity with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, as well as the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that the Board plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

2. The audit was conducted, among other reasons, to enable the Board to form an opinion as to whether the expenditures recorded in the financial statements for the period from 1 July 2001 to 30 June 2002 had been incurred for the purposes approved by the governing bodies, whether income and expenditure had been properly classified and recorded in accordance with the Financial Regulations and Rules and whether the financial statements of the United Nations peacekeeping operations presented fairly their financial position as at 30 June 2002. The audit included a general review of financial systems and internal controls and a test examination of accounting records and other supporting evidence to the extent that the Board considered it necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued to maintain its expanded audit coverage both at Headquarters and at the field missions. The audit coverage included missions in liquidation as well as the United Nations Logistics Base at Brindisi, Italy. The missions audited are listed in annex I to the present chapter.

4. In addition to the audit of the accounts and financial transactions, the Board carried out reviews under financial regulation 12.5 of the financial procedures and, in general, of the administration and management of peacekeeping operations. The General Assembly also requested the Board to follow up on previous recommendations and to report to it accordingly. These matters are addressed in paragraphs 9 and 10 below.

5. The present report addresses a special request made by the Advisory Committee on Administrative and Budgetary Questions, namely, to continue, during its regular audits, to pay special attention to resident auditors, in particular to ascertaining the extent of implementation of the Board's recommendations (see A/56/887, para. 49).

6. The Board continued its practice of reporting the results of specific audits to the Administration by means of management letters containing detailed observations and recommendations. A total of 17 management letters, including 1 issued to the Office of Internal Oversight Services, were issued covering the financial period ended 30 June 2002.

7. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the Administration, the views of which have been reflected in the report, where appropriate.

8. A summary of the Board's main recommendations is contained in paragraph 11 below. The detailed findings are discussed in paragraphs 13 to 198.

1. Previous recommendations not fully implemented

Year ended 30 June 2000

9. In accordance with section A, paragraph 7, of General Assembly resolution 51/225 of 3 April 1997, the Board has reviewed the action taken by the Administration to implement the recommendations made in its report for the period ended 30 June 2000[1] and confirms that, in general, there are no significant outstanding matters except for those addressed in the present report.

Year ended 30 June 2001

10. In accordance with General Assembly resolution 48/216 B of 23 December 1993, the Board also reviewed the measures taken by the Administration to implement the recommendations made in its report for the financial period ended 30 June 2001.[2] Details of the action taken and the comments of the Board are set out in annex II to the present chapter. Where applicable, due attention has also been paid to the observations and recommendations of the Office of Internal Oversight Services.

2. Main recommendations

11. The Board's main recommendations are that the Administration should:

Air operations

(a) **Implement measures, together with the United Nations Organization Mission in the Democratic Republic of the Congo to address the deficiencies identified in the contract for the provision of airfield services and consider imposing penalties for non-delivery (para. 92 (h));**

(b) **Ensure that the recommendations made by the Technical Cooperation Bureau of the International Civil Aviation Organization are fully implemented and that a time frame for their implementation be compiled (para. 85 (d));**

Peacekeeping Reserve Fund

(c) **Review the level of the Peacekeeping Reserve Fund in view of the ceiling authorized by the General Assembly, as well as the establishment of the reserve for strategic deployment stocks (para. 21);**

Trust funds

(d) **Pursue its efforts to close the inactive Trust Fund to Support the Multinational Force Deployed in East Timor and Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities (para. 28);**

Non-expendable property

(e) **Continue to emphasize to peacekeeping missions the importance of the proper custody of property; ensure that missions identify and deal with**

differences between the property records and actual holdings on a timely basis in accordance with the United Nations Financial Regulations and Rules; and investigate the factors causing delays in the write-off process in order to remedy the situation (para. 34);

Accounts receivable

(f) **Expedite the finalization of the amount of voluntary contributions receivable outstanding for more than eight years (para. 43);**

Results-based budgeting

(g) **Assist missions in developing precise objectives in the process of results-based budgeting, bearing in mind the circumstances of each mission, and ensure that the objectives are defined by measurable performance indicators and outputs (para. 79 (e));**

Accounts payable

(h) **Expedite its efforts to resolve the long-outstanding payables in excess of $32 million (para. 38);**

Training

(i) **Make a concerted effort to implement the recently developed training plans and budgets both at Headquarters and at mission level (para. 141).**

12. The Board's other recommendations appear in paragraphs 24, 41, 45, 56, 62, 67, 69, 79, 85, 88, 92, 105, 109, 115, 119, 121, 126, 130, 135, 139, 141, 146, 155, 158, 161, 164, 170, 173, 176, 180, 183, 186, 190, 192 and 198.

B. Financial issues

1. Financial overview

13. The Board performed a financial analysis of the United Nations peacekeeping operations as at 30 June 2002 to evaluate the financial position and the results of some key financial indicators, as set out in table II.1.

Table II.1
Ratios of key financial indicators

Description	*1999/2000*	*2000/2001*	*2001/2002*
Assessed contributions outstanding/total assets ratio	0.64	0.63	0.39
Cash/liability ratio	0.56	0.54	1.07
Debt owed to Member States/total liabilities ratio	0.33	0.32	0.26

14. **The ability of the United Nations peacekeeping operations to meet their obligations has improved significantly as compared with previous financial periods,**

due in part to the receipt of arrears payments, in particular a large amount paid by a Member State in settlement of outstanding assessments. The total assessed contributions receivable from Member States decreased by approximately 47 per cent, from $2.4 billion in 2000/01 to $1.2 billion for the financial period under review, its lowest level in five years. The unpaid assessments for 2001/02 represent about 47 per cent of assessments at the current period's level (2000/01: 94 per cent). **The Board commends the Administration on its efforts in this regard.**

15. Amounts payable to Member States amounted to $421.2 million and decreased by 37 per cent from 2000/01. While the financial situation of the peacekeeping operations has improved, the ageing of unpaid assessments with varying uncertainty of collectability, however, remains a concern for the Board. This and the unpredictable timing and amount of cash inflows, among other things, had a negative impact on the Organization's ability to meet its financial obligations fully. Table II.2 indicates that the liabilities of individual completed missions are much higher than their net realizable assets. This is of concern to the Board, bearing in mind that the Administration is not authorized to set off amounts due from Member States against amounts payable by Member States, and that assessments and funding for each mission are kept in separate special accounts upon the instruction of the General Assembly. The Administration informed the Board that it would endeavour to settle the outstanding liabilities of the missions in question as soon as and to the extent possible.

Table II.2

Key financial data of completed peacekeeping missions

(Thousands of United States dollars)

	(a)	*(b)*	*(c) = (a) - (b)*	*(d)*	*(e) = (d) - (c)*
Mission	*Total assets*	*Assessed contributions outstanding for more than one year*	*Net realizable assets*	*Total liabilities*	*Shortfall of net realizable assets*
UNSMIH	21 761	19 820	1 941	10 575	8 634
MINURCA	36 253	35 950	303	30 017	29 714
ONUMOZ	19 344	18 778	566	2 136	1 570
UNOSOM	72 159	61 365	10 794	34 596	23 802
UNTAC	45 338	43 057	2 281	44 520	42 239
UNEF	48 859	47 902	957	38 341	37 384
ONUC	83 461	80 579	2 882	46 479	43 597
Total	**327 175**	**307 451**	**19 724**	**206 664**	**186 940**

16. The Board noted that pursuant to paragraph 10 of General Assembly resolution 56/293 of 27 June 2002, the Secretary-General was requested to undertake a study to consider the feasibility of consolidating the accounts of peacekeeping operations. The study is to take into account the current practice of reporting, budgeting and financing of peacekeeping operations, as well as the Financial Regulations and Rules of the United Nations.

2. United Nations system accounting standards

17. The Board reviewed the extent to which the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2002 conformed to the United Nations system accounting standards. **The review indicated that the financial statements were generally consistent with the standards, except as described in paragraphs 22 to 24 below.**

3. Peacekeeping Reserve Fund

18. The Peacekeeping Reserve Fund was established by the General Assembly in its resolution 47/217 of 23 December 1992 with an authorized level of $150 million as a cash-flow mechanism to ensure rapid response to the needs of peacekeeping operations. The Administration indicated that the establishment of a peacekeeping mission was largely unanticipated and that the authorized amount of $150 million would still need to be maintained. The $150 million level was established on the basis that the Secretary-General may, with the prior concurrence of the Advisory Committee on Administrative and Budgetary Questions, enter into commitments not exceeding $50 million for the start-up phase or expansion of peacekeeping operations for three such operations.

19. The level of the Peacekeeping Reserve Fund as at 30 June 2002 was $197.4 million, approximately $47.4 million higher than the approved level of $150 million, representing accrued interest income. The Administration noted that this matter had not been brought to the attention of the General Assembly at its fifty-sixth session, pending the Assembly's review of the concept of strategic deployment stocks to rapidly support opportunities for peace.

20. The General Assembly, in its resolution 56/292 of 27 June 2002, authorized the transfer of a portion of the interest income from the Peacekeeping Reserve Fund to the account of the United Nations Logistics Base to provide for an amount of $141.6 million to fund the strategic deployment stocks. It was not clear how the remainder of the interest income in the Fund would be dealt with after the transfer in respect of the strategic deployment stocks.

21. **The Board recommended that the Administration review the level of the Peacekeeping Reserve Fund in view of the ceiling authorized by the General Assembly, as well as the establishment of the reserve for strategic deployment stocks.** The Administration agreed with the recommendation, and also agreed to bring the matter of the interest income to the attention of the General Assembly at its fifty-seventh session.

4. Contingent liabilities

22. The Board followed up on the disclosure of contingent liabilities in the financial statements of the United Nations peacekeeping operations, which it reported on in its previous report. Contingent liabilities amounting to approximately $12.5 million as at 30 June 2002 are disclosed in note 12 to the financial statements. **The Board was pleased to note that contingent liabilities had decreased significantly, by $24.5 million (66 per cent) from $37 million in the previous financial period, and commends the Administration on its efforts in that regard.**

23. Approximately $10.1 million (80 per cent) of the total amount of contingent liabilities related to claims that had been verified by the Department of

Peacekeeping Operations, which confirmed them as valid liabilities. The liability of $10.1 million related to certain claims for reimbursement of services provided by Governments to the United Nations Observer Mission in Angola and the United Nations Angola Verification Mission, which had not been recognized in the accounts because funds had not been reserved for the accrual of such expenditure. The Board noted that the claims would be recorded if additional funding were approved by the General Assembly. **Accordingly, the financial statements for the financial period ended 30 June 2002 are, in the opinion of the Board, understated by an amount of approximately $10.1 million in respect of both expenditures and liabilities.** The Administration informed the Board that a proposal for dealing with the remaining unfunded liabilities for MONUA would be made to the Assembly and, if additional funding were approved, the liabilities would then be recorded.

24. **The Board recommends that the Administration continue its efforts to deal appropriately with the contingent liabilities and to expedite the finalization of the proposal dealing with the remaining unfunded qualifying liabilities of MONUA.**

5. Peacekeeping trust funds

Inactive trust funds

25. The Board reviewed activities relating to the peacekeeping operations financed by 31 trust funds for the financial period ended 30 June 2002, as disclosed in annex II to the financial statements (chapter V). The income and expenditure of the trust funds for the period under review amounted to $17.6 million and $42.3 million respectively. The balance of the trust funds as at 30 June 2002 was $169.9 million (2000/01: $194.6 million).

26. The Office of Internal Oversight Services planned to conduct a review of peacekeeping trust funds, which would include the administration by United Nations Headquarters of peacekeeping trust funds, covering internal controls, reporting and evaluation, coordination with the Department of Peacekeeping Operations on the implementation of the trust funds, processing by Headquarters of trust fund financial statements and administrative guidelines. As a result, the Board did not review these aspects as planned to prevent a duplication of efforts.

27. The two major trust funds, the Trust Fund to Support the Multinational Force Deployed in East Timor and the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities, had balances of $77.4 million and $40.7 million respectively as at 30 June 2002. Those two trust funds were inactive and represented 70 per cent of the total balance of reserves and trust funds of $169.9 million as at 30 June 2002. No further expenditure was expected from those funds under their current mandates. The Administration informed the Board that actions had been taken to close the inactive funds and that a staff member would be appointed on a full-time basis to pursue the closure of inactive trust funds. The Administration further noted that the collaboration of Member States that made contributions to the two trust funds would be needed to make significant progress in this regard.

28. **The Board recommends that the Administration pursue its efforts to close the inactive Trust Fund to Support the Multinational Force Deployed in East**

Timor and the Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities.

6. Non-expendable equipment

Differences in opening balances

29. The Administration took steps to address the differences in the closing balances for the period ended 30 June 2001 and the opening balances as at 1 July 2001 by providing a reconciliation of the differences in the opening balances of inventory reports. A column was included in the non-expendable inventory reports as at 30 June 2002, in which the reconciling entries were noted. The total of the reconciling entries was calculated at some $7.2 million and indicated a significant improvement as compared with the difference of approximately $45 million reported in the previous report. **The Board commends the Administration on the steps it has taken in this regard.**

Equipment written off or pending write-off

30. Table II.3 reflects inventory valued at approximately $29.6 million (based on original costs) covering 12 missions that was written off in the financial period ended 30 June 2002 in accordance with financial rule 110.15. This represents an increase of 142 per cent as compared with the amount of $12.2 million written off in the financial period ended 30 June 2001.

Table II.3
Property written off as at 30 June 2002
(United States dollars)

Mission	*Inventory value written off*
UNFICYP	18 834
UNDOF	7 061 383
UNIFIL	9 972 856
UNIKOM	772 545
MINURSO	1 802 037
UNMIBH	4 820 078
UNOMIG	932 286
UNAMSIL	90 138
UNMIK	1 314 898
MONUC	131 914
UNTAET	2 624 980
UNMEE	15 543
Total	**29 557 492**

31. Table II.4 lists amounts in respect of inventory pending write-off and disposal as at 30 June 2002, which amounted to $75.7 million (2000/01: $33.4 million).

Table II.4

Property pending write-off and disposal as at 30 June 2002

(United States dollars)

Mission	*Total pending write-off and disposal*	*Pending approval*	*Approved/pending disposal*
UNFICYP	1 220 947	861 155	359 791
UNDOF	3 420 048	225 480	3 194 568
UNIFIL	28 376 895	6 620 442	21 756 453
UNIKOM	442 210	12 200	430 010
MINURSO	4 946 513	729 648	4 216 865
UNMIBH	497 000	116 800	380 200
UNOMIG	1 623 214	1 059 383	563 831
UNAMSIL	1 603 225	1 549 087	54 138
UNMIK	2 069 045	2 069 045	-
MONUC	573 938	511 020	62 918
UNTAET	10 061 137	9 577 040	484 097
UNMEE	395 877	260 173	135 704
UNMISET	3 500	3 500	
UNLB	20 435 642	7 256 958	13 178 684
Total	**75 669 194**	**30 851 933**	**44 817 261**

32. The Logistics Support Division of the Department of Peacekeeping Operations and the Office of Programme Planning, Budget and Accounts have worked together closely to improve the management of property and have provided guidance and support to the missions in this regard. The high level of write-offs resulted from those efforts which led to the clearance of obsolete and surplus inventories both physically and from the field assets control system records. With regard to the property pending write-off and disposal, the write-offs pending at the United Nations Disengagement Observer Force were due mainly to a lack of write-off activity over the previous years, which had resulted in a build-up of cases. The United Nations Interim Force in Lebanon initiated a project to identify obsolete inventories that had been retained for many years. The Administration reported that the large pending write-offs concerning UNLB resulted from a programme to upgrade and replace equipment held in stock for deployment to missions. In the case of the United Nations Transitional Administration in East Timor and the United Nations Mission of Support in East Timor, the pending write-off arose from a planned programme for the disposal of equipment commensurate with the downsizing of the mission.

33. There have been delays in the disposal of equipment at most missions for reasons that included heavy workloads, incorrect information or a lack of information submitted to the Local Property Survey Boards and the non-operation of the Boards. In addition:

(a) UNDOF procured some equipment in 1999 that had not been utilized since then, and damaged property items were not reported as required by the Financial Regulations and Rules. A similar observation was noted at the United Nations Truce Supervision Organization, where equipment valued at $130,110 was not utilized and remained in stock from 1996 to 2001. The Department of Peacekeeping Operations informed the Board that UNTSO had subsequently reviewed its stock levels and initiated disposal action on equipment worth $82,000;

(b) UNLB had custody of equipment valued at $320,229 that was procured on behalf of the United Nations Organization Mission in the Democratic Republic of the Congo. The equipment had been in UNLB custody for at least a year, a situation that called into question the need for the equipment. The Department of Peacekeeping Operations informed the Board that MONUC routinely circulated the indicative material availability list received from UNLB among its cost centres. Based on the Mission's requirements, special arrangements were made for the transfer of the equipment from UNLB;

(c) Discrepancies of $21,352 identified during physical inventory checks at UNLB were not followed up. The Department of Peacekeeping Operations informed the Board that UNLB had, in response to the observation, introduced a weekly monitoring system whereby the Property Control and Inventory Unit of UNLB would communicate to cost centres the discrepancies noted in inventory records. The centres are required to resolve discrepancies within a one-week deadline and provide appropriate response to the Property Control and Inventory Unit;

(d) The United Nations Mission in Sierra Leone did not conduct periodic physical inventories at some of its warehouses in 2002, and its Local Property Survey Board had not convened in more than a year to discharge its prescribed responsibilities;

(e) Fifty-four per cent of the total value of items pending write-off in the United Nations Interim Administration Mission in Kosovo have been pending for more than six months. In addition UNMIK did not update the field assets control system with attractive items valued at $26,762 that had been stolen. The Department of Peacekeeping Operations informed the Board that: UNMIK had commenced a review of the write-off processes in order to introduce improvements; safeguards had been tightened at the warehouse; and self-accounting units would now regularly reconcile the information in the field assets control system with that of the Property Control and Inventory Unit to account more accurately for non-expendable equipment. The Department of Peacekeeping Operations is considering incorporating a mechanism in the field assets control system to flag records for non-expendable equipment reported as lost, stolen, damaged or missing. UNMIK has established a standard procedure to report discrepancies to asset managers on a monthly basis and is to explore solutions for improving the updating of the regional inventories.

34. **The Board recommended that the Administration:**

(a) Continue to emphasize to all peacekeeping missions the importance of the proper custody of United Nations property;

(b) Ensure that missions identify and deal with differences between the property records and actual holdings on a timely basis in accordance with the Financial Regulations and Rules;

(c) **Investigate and remedy the factors causing delays in the write-off process.**

The Administration agreed with the recommendations.

35. The Department of Peacekeeping Operations informed the Board that it would continue to emphasize to all missions the importance of effective property management and control. The Department will closely monitor monthly, calendar year-end and fiscal year-end inventory reports to determine whether satisfactory progress is being made. A cross-organizational project team was to review the write-off process and make recommendations for improvement by the end of February 2003. The managements of UNTSO, UNLB and UNDOF have implemented tracking systems to expedite the reporting and processing of property survey cases.

7. Accounts payable

36. The Board noted a number of accounts payable that had shown no movement during the financial year under review and that had remained unpaid at year's end. Those amounts had been placed in "held" status and remained there for significant periods of time, as illustrated in the examples in table II.5 below. The amounts in question represented valid payables that had been certified and approved, however the Administration informed the Board that there was insufficient cash available to permit payment. The Board noted that the Administration had made efforts to follow up arrears assessments in that the Contributions Service had sent out regular reminders to Member States regarding their unpaid dues and requesting payment. Other initiatives to collect unpaid dues included appeals to Member States in reports of the Secretary-General, briefings to the Fifth Committee and financing resolutions, in which Member States were urged to settle their debts in full and on time.

Table II.5

Long-outstanding accounts payable as at 30 June 2002

Mission/creditor country	*Document No.*	*Approximate period outstanding (months)*	*Amount (US dollars)*
UNTAC			
Country 1	PYIN 64946	42	591 777
Country 2	PYIN 65025	42	704 232
Country 3	PYIN 64899	42	1 018 605
Country 4	PYIN 86905	30	1 140 204
Country 5	PYIN 78555	34	1 295 100
Country 6	PYIN 64961	42	1 730 496
Country 7	PYIN 64952	42	2 256 539
Country 8	PYIN 65032	42	3 712 698
Country 9	PYIN 64992	42	515 901
Country 9	PYIN 64432	42	3 875 723
Country 10	PYIN 65215	42	4 567 968
Country 11	PYIN 64828	42	1 500 000
Country 11	PYIN 65265	42	4 541 985

Mission/creditor country	*Document No.*	*Approximate period outstanding (months)*	*Amount (US dollars)*
Country 11	PYIN 64792	42	116 363
Country 11	PYIN 64801	42	627 975
Country 11	PYIN 64554	42	780 000
Country 11	PYIN 64828	60	1 500 000
Country 11	PYIN 64801	55	627 975
Country 11	PYIN 64554	80	780 000
MINURCA			
Country 12	PYIN 103061	21	143 933
Country 12	PYIN 126208	22	662 926
		Total	**32 690 400**

37. The Board also noted two accounts payable that had remained unpaid since at least 1996 (see table II.6). The Administration informed the Board that country 13 had decided to withhold payment of its assessed contribution to UNIFIL, which had led to a decision by the United Nations to withhold reimbursement to that country for troops. Regarding country 14, the payment had been withheld because all the necessary supporting documentation had not been provided by the country.

Table II.6
Accounts payable outstanding since at least 1996, as at 30 June 2002

Mission	*Payee number*	*Creditor country*	*Amount (US dollars)*
UNIFIL	0077	13	2 643 520
UNIFIL	0079	14	390 912

38. **The Board recommends that the Administration expedite its efforts to settle the amounts that have remained unpaid for a long period of time.**

8. Accounts receivable

39. The United Nations Mission in Ethiopia and Eritrea provided fuel to a contingent in May and June 2001 without a letter of assist. While the memorandums of understanding concluded with troop-contributing countries normally include the volume of national support elements and clearly stipulate that the cost of maintaining those elements will be borne by the troop-contributing countries, as at 13 September 2002 $412,720 was still recorded under accounts receivable. The accounts receivable also included two amounts, $6,213 and $10,180, in respect of two other contingents that had been outstanding for more than 12 months. These three cases represented 99 per cent of the Mission's receivables at the time of the audit. The accounts receivable included an administrative charge of 14 per cent in addition to the actual cost of goods or services supplied to troop-contributing countries to support their national support elements. Although the Mission had

recovered part of those receivables from the troop-contributing countries, one of the countries questioned the justification of the 14 per cent administrative charge.

40. The Department of Peacekeeping Operations has informed the Board that it was discontinuing the recovery of the 14 per cent administrative charge and that it would review the accounts receivable from the three troop-contributing countries within the context of that decision, while recovering any outstanding balances, excluding the administrative charge.

41. **The Board recommends that the Department of Peacekeeping Operations and UNMEE expedite the recovery of long-outstanding receivables from troop-contributing countries.**

9. Voluntary contributions receivable

42. Voluntary contributions receivable of $11.9 million are disclosed in the financial statements of the United Nations peacekeeping operations as at 30 June 2002. Approximately $6.4 million (54 per cent) of the amount relates to the United Nations Peacekeeping Force in Cyprus and had been outstanding for more than eight years. According to paragraph 33 of the United Nations system accounting standards, provision may be made as appropriate where the collection of the income recognized as voluntary contributions is considered doubtful. In specific cases, where the pledge was deemed uncollectable, write-off action would be required. The Administration informed the Board that the Office of Programme Planning, Budget and Accounts had begun a review of the outstanding voluntary contributions and that appropriate action would be taken.

43. **In view of the fact that an amount of $6.4 million in respect of voluntary contributions receivable has been outstanding for more than eight years, the Board recommends that the Office of Programme Planning, Budget and Accounts resolve this matter expeditiously.**

10. Value-added tax refunds

44. At UNTSO, accounts receivable as at 30 June 2002 in respect of value-added tax refunds included balances of $128,383 and $24,538 expected from country A and an administrative authority respectively. Of the total amount $83,001 and $8,546 were paid to country A and the administrative authority respectively during the period from 1 January to 20 June 2002. Under section 7 of the Convention on the Privileges and Immunities of the United Nations UNTSO is exempt from such direct taxes. The Board noted that taxes paid to the host Government were recovered through the filing of a recovery agreement. The Department of Peacekeeping Operations informed the Board that accounts receivable from the administrative authority had already been referred to its Permanent Observer Mission to the United Nations through United Nations Headquarters.

45. **The Administration agreed with the recommendation of the Board that it continue to pursue tax refunds with the authorities concerned and to negotiate for a tax exemption pursuant to the Convention on the Privileges and Immunities of the United Nations.**

11. Write-off of losses of cash, receivables and property

46. The Administration informed the Board that, in addition to property losses of $29.6 million that were written off during 2001/02, as reported in paragraph 30 above, losses amounting to $189,942 were written off in respect of unrecoverable accounts receivable, cash losses and personal telephone bills for the period under review.

C. Management issues

1. Contingent-owned equipment

47. Based on the previous report of the Board and a review of the information contained in the performance and budget reports examined, the Advisory Committee on Administrative and Budgetary Questions concluded that the management arrangements for contingent-owned equipment in the field and at Headquarters required a priority focus to remedy serious flaws in the system. The Advisory Committee noted that particular emphasis should be placed upon pre-arrival and operational inspections and that further consideration might also be afforded to improve arrangements for reimbursement, particularly with a view to assisting troop contributors from developing countries (see A/56/887, para. 34).

Reform of the procedures for determining reimbursement to Member States for contingent-owned equipment

48. The General Assembly, in its resolution 55/271 of 14 June 2001, had requested the Secretary-General to address the need for streamlining the contingent-owned-equipment process.

49. The Board continued its assessment of the contingent-owned-equipment system to determine whether:

(a) The recommendations made in the Board's previous report had been implemented;

(b) Missions had complied with the requirements of the contingent-owned-equipment system;

(c) Improvements had been made to the contingent-owned-equipment system.

50. The present report places emphasis on memorandums of understanding, pre-deployment visits, arrival inspections, verification reports, personnel resources and general improvements to the contingent-owned-equipment system.

Memorandum of understanding

51. The memorandum of understanding details the personnel, major equipment and self-sustainment items to be provided to a particular mission by a troop contributor. The memorandum of understanding also specifies the particulars and quantity of each item and/or self-sustainment category to be brought to the mission and the applicable reimbursement amount. Previous audits revealed that most memorandums of understanding were signed after contingent-owned equipment and troops were deployed. An analysis of the status of memorandums of understanding indicated that

as at 31 August 2002, a total of 230 (93 per cent) out of 246 memorandums of understanding had been signed and 222 (96.5 per cent) of the 230 had been signed after the deployment of contingent-owned equipment and troops.

52. An analysis of memorandums of understanding for 13 deployments that occurred during the 2001/02 financial year indicated that:

(a) Only two had been signed prior to deployment;

(b) One had been signed 11 months after deployment;

(c) On average memorandums of understanding were signed three months after deployment.

53. The Administration has indicated that informal pre-negotiations could be improved; staff at permanent missions could be trained in the negotiation of memorandums of understanding and in the contingent-owned-equipment methodology; a generic memorandum of understanding could be signed for contingent units under standby arrangements for future deployments; when a special-case reimbursement rate is repeatedly required for major equipment, a standard dry/wet-lease reimbursement rate could be determined; and a model memorandum of understanding document could be considered by the General Assembly. **The Board further recognizes the difficulties experienced in the negotiation of the memorandum of understanding and encourages the Administration to continue its efforts, as proposed, to improve the contingent-owned-equipment system in this regard.**

Verification procedures

54. Four inspections are conducted as part of the verification control procedures, namely, a non-mandatory pre-deployment inspection and mandatory arrival, operational and repatriation inspections. The verification control procedures aim to ensure that both the troop contributor and the United Nations meet the requirements of the memorandum of understanding.

Pre-deployment visits

55. Pre-deployment visits, while not mandatory, provide an opportunity to assess the operational capability of units to be deployed and have been identified as a crucial component of the contingent-owned-equipment methodology. There had been 22 pre-deployment visits to countries providing equipment and/or self-sustainment in the past two years to missions, including MONUC, UNAMSIL, UNIFIL, UNMEE, UNMIK and UNTAET. However, pre-deployment visits were conducted for only 4 (31 per cent) of the 13 units deployed during the 2001/02 financial period. UNMIK had not received a copy of the report on the pre-deployment visits, which was finalized at United Nations Headquarters. The Department of Peacekeeping Operations also noted inconsistencies between the equipment actually supplied and the equipment specified in the signed memorandum of understanding and was of the opinion that had pre-deployment visits occurred, there would have been fewer such discrepancies. UNMIK noted that while the pre-deployment inspection was not mandatory, the arrival inspection was and should be finalized within one month of the arrival of the troop-contributing country in the mission area. The Department agreed that a copy of the report on pre-deployment visits by a joint team consisting of Department and mission staff should be forwarded to the respective field mission once it is finalized at Headquarters and

that a representative from the mission would be included in pre-deployment visit teams.

56. **The Board recommends that the Administration pursue the suggested ways in which to apply and optimize the benefits obtained from pre-deployment visits.**

57. The Department of Peacekeeping Operations informed the Board that it continued to improve the pre-deployment visit procedures and would make every effort to conduct such a visit to each country contributing troops to a mission. A standard operating procedure has been developed to assist visiting teams, which includes the participation of mission representatives and the distribution of reports.

Arrival inspection reports

58. Arrival inspection reports were not in all instances compiled and submitted in a timely manner to the then Field Administration and Logistics Division. This practice is not in compliance with the Contingent-owned Equipment Manual, which states that arrival inspections should be performed upon the arrival of the contingent's initial deployment and that the arrival inspection report should be submitted to the Field Administration and Logistics Division (now the Office of Mission Support) within one month.

59. For all deployments during the financial period under review, delays of between three and five months occurred in the performance of arrival inspections, particularly at UNAMSIL and UNTAET. At UNMEE, a disagreement arose between the Mission and one contingent regarding the classification (military or commercial) of 17 vehicles fitted with military radios when the arrival inspection was carried out in 2002, more than two months after the contingent's arrival in Asmara on 27 November 2001.

Submission of monthly verification reports

60. The Board's previous audit of contingent-owned equipment also indicated that monthly verification reports had not been submitted in a timely manner to the Field Administration and Logistics Division and that some verification reports covered more than one month.

61. The Claims and Information Management Section did not receive all verification reports from missions in time. As at 31 August 2002, the verification reports from December 2001 (or earlier) had not been received for five contingents at UNMEE and UNTAET, with delays of between 13 and 29 months. This lack of compliance with instructions delays the reimbursement of Member States for contingent-owned equipment.

62. **The Board recommends that the Administration ensure better compliance with the contingent-owned-equipment arrangements to improve the verification process.**

63. The Department of Peacekeeping Operations informed the Board that it was revising the procedures for the conduct and submission of verification reports, including to confirm the extent to which the three reports are required for each troop-contributing country's tour in a mission and to streamline the submission process. In addition, the Department has conducted a training session for mission contingent-owned-equipment unit personnel to help them with report submission

and improve the contingent-owned-equipment database module to allow more effective monitoring of report submissions.

Benchmarking of personnel resources

64. In its previous report,[3] the Board recommended that the Field Administration and Logistics Division (now the Office of Mission Support) undertake a specific evaluation of the resources required at peacekeeping missions to implement the contingent-owned-equipment arrangements efficiently and effectively with regard to the timely completion of pre-arrival, arrival and monthly verification reports and that it benchmark the resources available in missions to determine the appropriate capacity while considering the unique circumstances applicable to each mission.

65. The Office of Mission Support has accordingly performed a review of the number and qualifications of mission staff responsible for contingent-owned equipment as compared with the verification report workload. This review indicated disparities between the number of available staff members and the coverage. For example, UNAMSIL had eight personnel employed at the contingent-owned-equipment unit to handle 44 verification reports and 4,257 pieces of major equipment. On the other hand, UNMEE employed six staff members for 13 verification reports and 1,923 pieces of major equipment.

66. The review performed by the Office of Mission Support took into account the post level of the staff members concerned. However, the Department of Peacekeeping Operations has only recently completed its survey of the structure and qualifications needed for contingent-owned-equipment units in peacekeeping missions. The Department informed the Board that the next step was to develop a generic statement of duties and desired qualifications followed by the appropriate personnel action to obtain or balance the personnel for those units. The Logistics Support Division will work closely with the Finance Management and Support Service and the Personnel Management and Support Service to develop those requirements. The number of personnel in a unit depends on the complexity and quantity of the workload. This in turn also needs to be integrated with other considerations, such as the frequency of verification reports and inspections. The Department of Peacekeeping Operations expects to complete this project by 30 June 2003.

67. **The Department of Peacekeeping Operations agreed with the recommendation of the Board that it devise a method to determine the optimum number of staff members needed to efficiently manage the contingent-owned equipment system, bearing in mind the changing volume of the related work at missions.**

Provision of accommodation

68. UNMEE was unable to provide the standard containerized accommodation units to one contingent within the agreed six-month period after arrival and was therefore exposed to the risk of paying penalties. The Procurement Division at Headquarters informed the Board it was not aware of any purchase orders for that type of equipment that had been substantially delayed. The accommodation units for housing the entire contingent were eventually delivered in October 2002.

69. **The Board recommends that the Administration comply with the directive on the deployment of accommodation units in a timely manner.**

2. Results-based budgeting

70. Results-based budgeting has been defined as a programme budgetary process in which programme formulation revolves around a set of predefined objectives and expected results (accomplishments), which are derived from and linked to outputs required to achieve such results and in which actual performance in achieving those results is measured by means of performance indicators for each objective.

71. In its resolution 55/231 of 23 December 2000, the General Assembly emphasized the need for continued improvement in the formulation of objectives. The Secretary-General was requested to ensure that those expected accomplishments, indicators of achievement and objectives were defined, bearing in mind the direct link between inputs and outputs.

72. In its resolution 55/220 C of 14 June 2001, the General Assembly requested the Board to monitor the process of objective-setting by missions and the measurement of the use of those objectives, whether effective or otherwise, and to report thereon to the Assembly in its annual audit report on the financial statements of peacekeeping missions.

Focus of the review

73. The Board reviewed the implementation of results-based budgeting at the missions visited, including the United Nations Logistics Base at Brindisi. The focus of the review was to determine, among other things, whether the conditions set out in the report of the Secretary-General (A/54/456) for the implementation of results-based budgeting were in place, the progress made in the implementation of results-based budgeting and whether systems were in place to measure, monitor and evaluate actual performance against the objectives documented in the proposed programme budgets of missions.

Conditions for implementing results-based budgeting elements

74. In his report, the Secretary-General outlined the following conditions for the implementation of results-based budgeting: regulatory framework; mechanisms for accountability; information systems; and knowledge and skills.

75. The Board reviewed those conditions at all the missions. Information obtained from Headquarters indicated that no amendments to the regulatory framework were foreseen and that the implementation of results-based budgeting would not affect the information systems at this stage of implementation. With regard to mechanisms for accountability, steps still needed to be taken to ensure that the systems for management authority and responsibility, including the performance appraisal system, were responsive to the performance measurement requirements of results-based budgeting. There has not been enough of a concerted effort by the missions to ensure that the existing performance appraisal system is responsive to performance measurement. With regard to knowledge and skills, all the relevant staff members at the various missions underwent training, which covered the basic concepts, framework and elements of results-based budgeting. The Office of Programme Planning, Budget and Accounts and the Department of Peacekeeping Operations have been instrumental in spearheading the training initiatives. The missions in general were satisfied with the support from Headquarters regarding the implementation of results-based budgeting. The Board noted exceptions, which indicated a need to fine-tune the implementation of results-based budgeting to suit the unique circumstances of the missions concerned.

Progress in the implementation of results-based budgeting

76. The missions have compiled their budgets for 2003/04 on the basis of results-based budgeting principles. The Board noted that the senior management and key personnel of missions had taken a leading role in setting objectives and in compiling the proposed programme budgets, except in two instances. In UNTSO and the United Nations Military Observer Group in India and Pakistan there was a need to assign activities to specific persons who would be held accountable for the progress and completion of expected accomplishments.

77. In most instances, the objectives were not precise and specific, bearing in mind the circumstances of each mission. Guidance in the development of measurable performance indicators and outputs may have been insufficient.

Systems to measure, monitor and evaluate performance

78. Not all missions have established well-developed tools to measure, monitor and evaluate actual performance against the objectives set out in the proposed results-based programme budgets. Results-based budgeting is based on, among other things, mechanisms to induce results-oriented accountability and flexibility. In the absence of well-developed and uniform systems to monitor and evaluate performance measurement, the objectives of results-based budgeting may not be achieved.

79. **The Board encourages the Administration and the missions to continue the progress made with regard to the implementation of results-based budgeting and recommends that the Administration**:

(a) **Develop uniform systems to monitor and evaluate performance measurement;**

(b) **Encourage greater involvement and participation of the senior management of missions in the objective-setting process;**

(c) **Assign a focal point in the Department of Peacekeeping Operations in order to formalize the process of tracking and addressing the problems experienced by missions;**

(d) **Ensure that all missions have systems for management authority and responsibility, including the performance appraisal system, that are responsive to the performance measurement requirements of results-based budgeting;**

(e) **Assist missions in developing precise objectives, bearing in mind the circumstances of each, and ensure that the objectives are defined by measurable performance indicators and outputs.**

80. The Administration informed the Board of a number of planned improvements: (a) the results-based budgeting seminar held at the United Nations Staff College in Turin, Italy, in 2002 would be followed by regional seminars in 2003/04 to further strengthen the process; (b) participation in the seminars would be extended to senior operational management of the missions; (c) the development of precise objectives would be a subject of the regional seminars and the achievement thereof would be monitored; (d) the budget submission for 2004/05 would focus on greater standardization of measurement and links between results and outputs; and (e) the Department of Peacekeeping Operations would identify a person within the Office of Mission Support to focus on issues related to the implementation of results-based budgeting. The Department of Peacekeeping Operations considers that the

relationship of the performance appraisal system to the performance measurement requirements of results-based budgeting is an area that requires some development, since the PAS and results-based budgeting concepts have been working independently and on different annual cycles. The recommendation will be addressed in the context of making the PAS objectives fit with the missions' objectives and with the involvement of the personnel management functions.

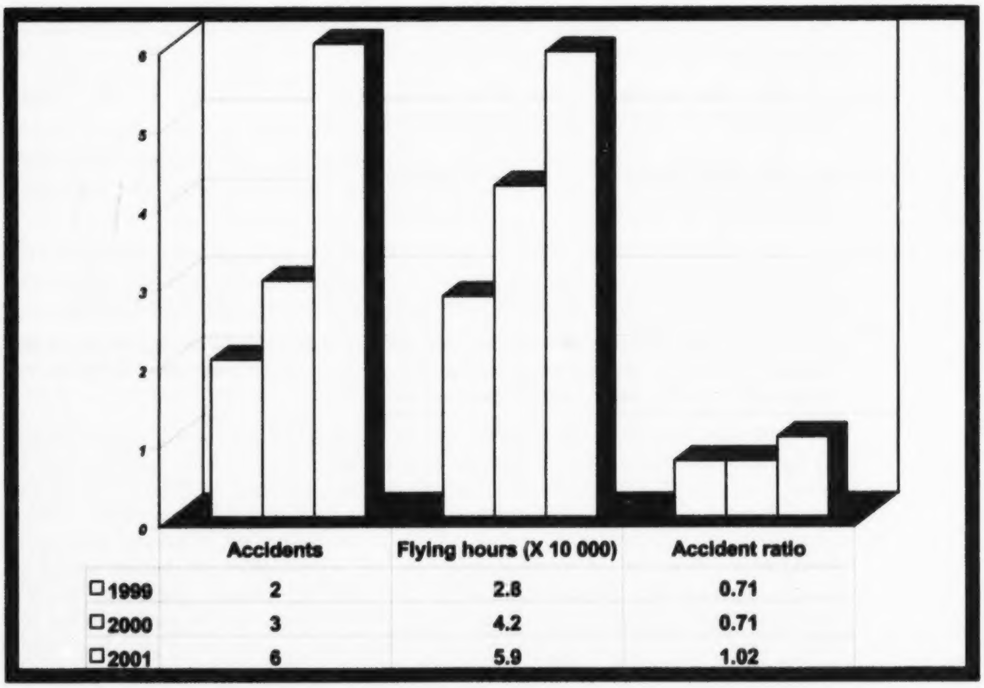
3. Air operations

Air safety

81. The level of air safety measures was reviewed taking into account, among other things, the number of accidents, the implementation of recommendations made to improve the level of air safety and the results of air safety surveys performed by the Aviation Safety Unit and the audit teams of the Board of Auditors at various missions.

82. Since 1999 there has been a material increase in the number of flying hours and air accidents. The ratio of accidents to flying hours increased from 0.71 for 1999 to 1.02 during calendar year 2001. The Board is pleased to note that only one accident occurred in calendar year 2002, even though the volume of air operations increased. The graph below illustrates the increase in the accident ratio between 1999 and 2001.

Ratio of accidents to flying hours for calendar years 1999 to 2001



	Accidents	Flying hours (X 10 000)	Accident ratio
☐1999	2	2.8	0.71
☐2000	3	4.2	0.71
☐2001	6	5.9	1.02

83. In July 2000, the Technical Cooperation Bureau of the International Civil Aviation Organization performed an in-depth examination of the system of aviation management within the Department of Peacekeeping Operations and made recommendations for improving the level of safety in its air operations. By June 2002, the Board had determined that out of nine recommendations pertaining to aviation safety, four (44 per cent) had not been implemented and five (56 per cent) had been partially implemented.

84. An analysis of the shortcomings in aviation safety measures at missions, as identified by the Aviation Safety Unit during its aviation safety surveys and by audit teams of the Board of Auditors, indicated that the following common shortcomings were identified and reported on at some of the missions:

(a) Insufficient training was provided to aviation officers. They received only on-the-job training, while the air operations manual provides for four types of training, namely, initial training, refresher updates, on-the-job-training and specialized aviation courses. Officers at the United Nations Mission for the Referendum in Western Sahara and UNTAET, for example, received only on-the-job-training during the 2001/02 financial year;

(b) Risk assessments were not performed before each and every flight. This shortcoming was identified at MONUC (August 2002) and UNMIK (March 2001, during the last Aviation Safety Unit visit). The Department of Peacekeeping Operations informed the Board that MONUC had subsequently implemented a procedure regarding the documentation and filing of a risk-management checklist;

(c) Mission accident prevention programmes and mission pre-accident plans either did not exist or personnel did not have knowledge of them. This shortcoming was identified during visits by the Aviation Safety Unit to UNIFIL and the United Nations Iraq-Kuwait Observation Mission in February 2002 and during the visit of the Board of Auditors to UNFICYP. UNFICYP subsequently informed the Board that the pre-accident plan had been approved by the Aviation Safety Council. Similarly, UNIFIL was in the process of reviewing the first drafts of the accident prevention programme and the pre-accident plan, which was to be completed by 31 January 2003;

(d) Liability waiver forms at UNMIK were not always fully completed, dated, signed by a witness or approved by the Director of Administration, contrary to instructions in the Air Operations Manual. This exposed the United Nations to the risk of costly liability claims. In response to this observation, the Department of Peacekeeping Operations informed the Board that UNMIK had advised strict compliance with the requirement by all personnel. Also, the Mission's information circular on this matter was expected to be issued by the end of November 2002. In addition, staff supervising the boarding of aircraft have again been briefed on the necessity of obtaining completed waiver forms from all non-UNMIK personnel prior to boarding;

(e) At UNMEE, some helicopters had unprotected wiring in various locations. Although those aircraft had been certified with this visible characteristic, the wiring could be damaged should sliding cargo hit it. On one flight, on 23 September 2002, cargo had not been weighed before loading; it was so voluminous that the fastening net proved to be too short and left some cargo unprotected. The fastening straps of the net were missing buckles and were simply knotted loosely in a manner insufficient to guarantee stability in case of a tilt, letting the cargo slide forward;

(f) Aircrews entering the mission go through an orientation process that is itemized on a checklist provided in article 4.0.5 of the air operations standard operating procedures. Each item should be dated and signed and the checklist filed, which is not done. The checklist specifies zero tolerance for alcohol, and the Air Transport Unit of the Department of Peacekeeping Operations is exploring technical and administrative procedures to ensure effective compliance with established regulations on the consumption of alcohol by aircrews.

85. **The Board recommends that the Administration ensure that:**

(a) **Aviation officers attend formal training courses as prescribed in the Air Operations Manual;**

(b) **Staffing levels at Headquarters and at mission level are sufficient, bearing in mind the increase in the level of air operations in recent years;**

(c) **The Aviation Safety Unit continues to perform aviation safety surveys at missions and compiles at the end of each period a combined report containing common findings as well as lessons learned during the investigation of accidents;**

(d) **The recommendations made by the Technical Cooperation Bureau of ICAO are fully implemented and that a time frame for their implementation be compiled. If it is decided not to implement a recommendation, the reasons therefor should be properly documented;**

(e) **All missions complete liability waiver forms as envisaged in the Air Operations Manual;**

(f) **All missions reinforce the supervision of loading and other safety procedures;**

(g) **All missions enforce compliance with the orientation procedures for all aircrews as set out in the air operations standard operating procedures.**

86. The Department of Peacekeeping Operations informed the Board that the recommendations of the Technical Cooperation Bureau of ICAO were being implemented and that there had been qualitative improvement in the Department's ability to address the concerns of ICAO on a variety of aviation-related safety issues. No fatalities were reported during the past year. Nine newly assigned mission aviation safety officers were trained. Two safety officers at Headquarters and five other mission safety officers attended specialized training courses based on ICAO recommendations; the Aviation Safety Unit has been organizationally positioned in the Office of the Director, Logistics Support Division; and the Chief of the Aviation Safety Unit now reports directly to the officer in charge of the Logistics Support Division. A plan for the Aviation Safety Unit to perform annual surveys at missions is in place and on schedule. The practice of publishing an annual aviation safety report will be improved, and the report will include a more thorough section dedicated to survey findings and lessons learned during the investigation of accidents. The Aviation Safety Unit plans to publish its annual report for 2002 in February 2003. The Department of Peacekeeping Operations has appointed aviation safety officers to UNIFIL and UNIKOM. The relevant draft accident prevention programmes and pre-accident plans have been distributed among the staff for comments and are to be issued during 2003. The Department of Peacekeeping Operations will continue its efforts to determine staffing requirements and to identify qualified air operation specialists for the missions.

Transportation of non-United Nations personnel

87. Other United Nations agencies and non-governmental organizations, outside of the peacekeeping mandate, must agree in writing that they will reimburse the United Nations for all costs related to flights that were not normally planned or scheduled. There is a cost-recovery procedure for unscheduled or unplanned flights. However, UNMEE has provided at no charge five special flights to the United Nations Development Programme (UNDP has reimbursed UNMEE for other flights) and four flights from 8 May 2001 to 17 May 2002 to the Office for the Coordination of Humanitarian Affairs.

88. **The Board recommends that the Department of Peacekeeping Operations recover costs for the transportation of non-mission personnel or cargo.**

89. The Department of Peacekeeping Operations has replied that, in order to monitor the activities of missions with respect to the transportation of non-mission personnel or cargo, all missions have been directed to submit monthly reports.

Airfield service contract (United Nations Organization Mission in the Democratic Republic of the Congo)

90. The Board followed up on the review performed by the Office of Internal Oversight Services of a $34 million airfield service contract for the provision of airfield services at MONUC. Following the review, the Board concurred with the findings of the Office in the following areas: the plans and reports defining the requirements and needs of the airfield services required, the requests for proposal and the discrepancies in the technical evaluation of the proposals.

91. The Board further considered the amendments to the signed contracts, the progress reports and payments and the reports on quality assurance and contractor performance; the findings are set out below. The Board noted that although it appeared that there was non-delivery of services, no penalties were imposed on the contractor. The Procurement Division informed the Board that it normally took appropriate action when performance failures were drawn to their attention but that in this case the competent offices did not report such failings to it. Also, no progress reports were prepared by the Administration. The specific issues in respect of the contract are as follows:

(a) Section 6 of the contract states: "The parties agree to undertake a full review of the equipment being used by the contractor as at 30 June 2002, which review shall be completed by 31 July 2002." Section 6 further states: "the parties agree to undertake a full review of these staffing levels, including the speciality skills to be assigned, which review shall be completed by 31 July 2002". The evidence indicates that the full review of either equipment or the staffing levels has not been completed to date. MONUC informed the Board that the initial review of the contract had been completed in mid-July 2002, after which the revisions to the contract were considered by the contractor's corporate office in Los Angeles, United States of America. Their official response was delayed, despite several reminders to the corporate office. MONUC stated that while the deadline had not been met, there were no grounds to consider that to be a breach of contract because of complexities that required protracted negotiations between the parties;

(b) Section 1.19 of the contract states:

> "As quality performance of these services is of high importance to the United Nations, the Contractor shall implement an ISO 9000 (series) quality program for all the processes under this contract for Air Terminal Services in the Democratic Republic of Congo (DRC) and Central African Republic (CAR). Said program shall be reviewed and certified as conforming by an ISO/CASCO [International Organization for Standardization Committee on Conformity Assessment] recognized assessor/registrar within 18 months of contract start date, with annual or semi-annual recertifications thereafter for the life of the contract. The contractor will provide the Contracting Officer copy of the ISO 9000 certificate(s) against which standard the quality system in question has been assessed and found to be in conformance (as well as copies of all recertifications). All such ISO 9000 (series) requirements on the part of the contractor are at no additional cost to the United Nations."

The contractor had not provided a copy of the recertification of the ISO 9000 series quality programme. Additional resources from the United Nations have been allocated to implement the ISO 9000 series quality programme;

(c) Section 1.5.1.4, Passenger service centre, states: "Use the computer system to process eligible passengers into Space Required and Space Available passengers backlogs." Section 1.1.2.1 states: "Provide qualified personnel to select manifest, inventory, and monitor each aircraft cargo/mail load using local computer system". The aforementioned computer system was not available to provide the functions set out in that section of the contract. MONUC informed the Board that a computer program was being developed for that purpose by the contractor, which would be presented to the United Nations at Headquarters for consideration for full or partial implementation;

(d) Section 1.5.1.7, Passenger service centre, states: "Ensure the complaint system is available to include: a current posted picture, ample supply of 'Air Passenger Comments' Forms." The Board did not find any evidence that the contractor had implemented a complaint system to date. A draft procedure was being developed for managing customer complaints and it was expected to be fully functional by September 2002 as part of the United Nations quality assurance surveillance plan;

(e) Section 1.5.2.4, Passenger processing, states: "Operate and provide routine preventative/scheduled maintenance (to include daily/operational checks) of all metal-detecting, X-ray and other passenger-screening equipment. Report any problems to the Air Terminal Officer." Only two of six available X-ray machines in the mission area were fully operational. At Kisangani, the air terminal unit walk-through machine and X-ray machine were unserviceable. Furthermore, there is no evidence that the contractor provided routine maintenance, as required, of the X-ray machines. As no qualified technician was available at MONUC, the Security and Supply Sections had been attempting for months to acquire a maintenance contract with a private firm;

(f) Section 1.5.2.5, Passenger processing, states: "Ensure passengers are anti-hijacked processed and manifest is signed IAW [in accordance with] Federal Aviation Administration and UN security requirement". With only two functioning X-ray machines, luggage inspection and personal security checks were not performed at the various sector airports. MONUC informed the Board that security checks were performed manually in the absence of the necessary machines.

92. **The Board recommends that the Administration, together with MONUC, implement measures to address the deficiencies and non-performance identified in the provision of airfield services. In particular, the Administration should:**

(a) **Ensure that the contractor completes the full reviews of the equipment and staffing levels as required by the amended airfield services contract;**

(b) **Follow up the outstanding recertification by the contractor in respect of the ISO 9000 series quality programme;**

(c) **Expedite the finalization of the computer application program to process eligible passengers as required by the contract. MONUC should also consult with other United Nations organizations on the availability of similar systems for implementation at the Mission, where applicable;**

(d) **Ensure that the contractor implements a complaint system, as agreed;**

(e) **Ensure that the contractor provides routine preventive and scheduled maintenance of all metal detectors, X-ray and other passenger-screening equipment;**

(f) **Improve the security checks of passengers;**

(g) **Prepare a progress report on its performance;**

(h) **Avail itself of the provisions of the contract regarding penalties where the contractor fails to deliver and report such non-performance to the Procurement Division.**

93. The Department of Peacekeeping Operations informed the Board that it had completed the review of the contract for the provision of airfield services to MONUC and renegotiated an agreement with the contractor. The Department had secured a reduction in the charges of the contractor to reflect the realignment of the contract and recovery of any charges for United Nations-supplied equipment. A quality assurance programme has since been implemented, which included customer complaints procedures. The invoices of the contractor had been reduced for instances where performance had not achieved contract requirements.

4. Resident auditors

94. Following the report of the Board of Auditors for the period from 1 July 2000 to 30 June 2001, the Advisory Committee on Administrative and Budgetary Questions, in its report on United Nations peacekeeping operations (A/56/887), requested the Board to continue, during its regular audits, to pay special attention to resident auditors, in particular to ascertaining the extent of implementation of its recommendation on the resident audit function.

95. During the previous audit, the Board noted that the Office of Internal Oversight Services had initiated action to improve and strengthen the resident audit function. Those initiatives included a revision of the standard terms of reference for resident auditors, the establishment and updating of a database of suitable

candidates to serve as resident auditors and consideration of the development of training programmes to improve the knowledge of resident auditors with respect to peacekeeping operations.

96. The Board has followed up on the action taken by the Internal Audit Division to implement the recommendations made in its report for the financial period ended 30 June 2001. Of the seven recommendations contained in the Board's report, one (14 per cent) has been fully implemented and six (86 per cent) are under implementation. These are detailed in the paragraphs below. The previous recommendations of the Board are indented.

Training and development

> "The Board recommends that the Office of Internal Oversight Services address the need for adequate resources to develop and implement a formal training and development programme in order to ensure that resident auditors have up-to-date technical knowledge and competency to enable them to function efficiently and effectively."[4]

97. Four chief resident auditors participated in a two-day seminar on cost-saving identification and quantification, held in November 2001. Newly appointed resident auditors also underwent a week-long briefing session on the Office of Internal Oversight Services and the Department of Peacekeeping Operations.

98. The Office of Internal Oversight Services regarded training as an important element in improving the adequacy and effectiveness of resident auditors, and to that extent noted that increased resources would be required to address the creation and implementation of formal training and development programmes. At the time of the review, the Office was developing proposals in respect of training initiatives for inclusion in the proposed budget for the period from 1 July 2003 to 30 June 2004. The budget proposal was not available at the time of the review and the Board could therefore not comment on the initiatives of the Office of Internal Oversight Services to address the need for training in a structured formal manner. The Office informed the Board that it had included resource requirements in the budget and that it had also introduced more rigorous interviews and selection procedures to ensure that the skill sets of newly recruited resident auditors were adequate.

Risk assessment

> "The Board recommends that the resident auditors adequately document the sources of information leading to the identification of all the key processes of the missions, the objectives of those processes, the risks that threaten the achievement of process objectives and what controls are in place, if any, to address those risks. Each risk should be quantified, bearing in mind its potential impact on the mission and the probability of its materializing."[5]

99. The Office of Internal Oversight Services managed to find additional resources to engage the consulting services of a reputable audit firm to implement a pilot project of risk assessment, including the identification of its key processes and assessment of risk probability and materiality. The project was performed jointly by the Office of Internal Oversight Services and the audit firm, using UNMIK as the pilot. The pilot risk assessment project was comprehensive, and incorporated a list of potential risks for UNMIK as well as peacekeeping as a whole. The study also

prioritized identified risks that could threaten the achievement of operational process objectives, including a preliminary identification of existing controls and management processes to mitigate those risks. The probability and potential impact of the identified risks were also considered together with an assessment of the preliminary effectiveness of management processes to address those risks. The study concluded with a number of recommendations to enhance risk management activities for peacekeeping operations. The pilot risk assessment study provided a means of organizing and integrating professional judgement for the development of the audit work plan.

100. The Office of Internal Oversight Services has disseminated to all of its resident auditors the results of the risk assessment project conducted at UNMIK and the Department of Peacekeeping Operations. The chief resident auditors, along with other auditors at headquarters duty stations, participated in a specialized two-day workshop on risk assessment, held in New York in December 2002. The resident auditors' audit plans for 2003 have been formulated on the basis of risk registers that were developed using the pilot risk assessment methodology. The Office will continue to use the risk assessment approach for organizing and integrating its audit activities.

Value-for-money and information communication technology audits

> "The Board recommends that the Office of Internal Oversight Services assess the capacity of the resident auditors and the resources available to perform structured value-for-money and information technology audits on a limited basis initially and more extensively in future."[6]
>
> "The Board recommends that the Office of Internal Oversight Services develop a medium-term strategy to consider the feasibility and impact of expanding the services provided by resident auditors to include performance-related activities."[7]

101. The Office of Internal Oversight Services noted that the present capacity of the resident auditors to perform structured value-for-money and information technology audits, even on a limited scale, was not sufficient. Elements of value-for-money audits were included as part of the normal work of resident auditors. As noted previously, the Office maintained that those types of audits were not considered a priority in view of the nature of risks in peacekeeping operations and the limited resources available. It identified several candidates for resident auditor positions who would be able to conduct those types of audits and proposed to test the capabilities of the candidates in that regard in the first half of 2003.

102. The 2003 audit plans of resident auditors include some audit assignments that specifically focus on value-for-money aspects of mission operations. As regards information technology systems, resident auditors routinely use mission applications and databases as part of their audits, particularly in the areas of asset control, financial management and procurement.

Quality assurance

> "The Board recommends that the Office of Internal Oversight Services implement measures to improve the quality of working papers and of audit evidence."[8]

103. The Chief of the Peacekeeping Section of the Internal Audit Division and the Deputy Director of the Division reviewed a sample of working papers prepared by resident auditors and made suggestions for improvement, where necessary. Relevant suggestions were also included in the performance appraisals of the chief resident auditors. The Internal Audit Division was in the process of introducing electronic working papers in an attempt to improve the quality of working papers. A supplier of the necessary software had been identified, and the introduction of the new system was planned for 2003/04.

104. While the resident auditors' working papers showed some improvement, the Board still noted areas for further improvement with regard to adequate documentation, direct supervision of work performed and more timely internal review of the work performed.

105. **The Internal Audit Division agreed with the recommendation of the Board that it continue its efforts to adequately review working papers and to monitor the implementation of its suggestions for improvement in the quality of working papers.**

Standard terms of reference — reporting

> "The Board recommends that the Internal Audit Division ensure compliance with the standard terms of reference for the resident auditor at peacekeeping and special missions with regard to submitting semi-annual reports to the Department of Peacekeeping Operations."[9]
>
> "The Board recommends that the Internal Audit Division, in conjunction with the Department of Peacekeeping Operations, evaluate existing measures that provide the Department with an opportunity to comment on significant findings of the resident auditors at the Department's discretion, as appropriate. Those measures should be evaluated with a view to enabling the resident auditor to independently consider both the mission's and Headquarters' perspectives on observations, in a timely manner, especially since peacekeeping missions and the Department are interdependent."[10]

106. Four reports on resident audit activities were submitted to the Department of Peacekeeping Operations for the year 2001. Since the Office of Internal Oversight Services prepared annual reports for the General Assembly and since those reports covered the activities of the resident auditors, the Office was of the view that the preparation of semi-annual reports was unnecessary.

107. The Internal Audit Division and the Department of Peacekeeping Operations agreed that major findings by resident auditors would be reported to United Nations Headquarters in the annual reports. Where applicable, findings of particular importance relevant to the Headquarters activities would be brought to the attention of the Department in separate communications. The Department had an opportunity to comment through input into or review of the responses prepared by a mission's management.

108. However, the preparation of semi-annual reports on the main findings and recommendations of resident auditors is still a requirement of the revised standard terms of reference for resident auditors assigned to United Nations peacekeeping missions.

109. **Therefore, the Board recommends that the Internal Audit Division review the standard terms of reference of resident auditors.**

110. The Office of Internal Oversight Services informed the Board that it would review and revise the standard terms of reference for resident auditors in the context of the new audit management process proposed to be introduced by the Internal Audit Division in 2003.

5. Insurance of vehicle fleet

111. The vehicle fleet of the Department of Peacekeeping Operations is currently insured under the worldwide vehicle third-party liability policy of the United Nations. The policy is based on a guaranteed cost basis, and the total insurance premium for the Department for the period from 1 July 2001 to 1 July 2002 amounted to $4,092,168.

112. The policy specifies that only those vehicle fleet changes that are greater than approximately 5 per cent require a premium adjustment. Such adjustments are reported to the insurance company on the basis of a post-policy period reconciliation of vehicle fleet volumes. Furthermore, new missions for which coverage is required must be reported if the vehicle count exceeds 25 units and the mission is in place for more than 30 days. Any missions that are closed during the policy term and that had a vehicle count of at least 25 vehicles will have their premium adjusted at midterm on a pro-rata basis.

Vehicle fleet counts and reconciliation

113. The post-policy reconciliation for the period from 1 July 2000 to 1 July 2001 should have been completed by the Insurance Service of the Office of Programme Planning, Budget and Accounts by 31 December 2001. The reconciliation process was delayed, however, because the Department of Peacekeeping Operations did not provide the correct vehicle fleet counts to the Service during the period. Adjustments to the vehicle fleet counts, previously provided to the Insurance Service, were made on various occasions by the Department of Peacekeeping Operations. The final vehicle fleet count was provided to the Insurance Service only during April 2002. The final vehicle fleet count for the period from 1 July to 31 December 2000 was 720 vehicles more than the original count (see table II.7). Corrections to vehicle fleet counts, especially after the end of the period covered by the insurance policy, could jeopardize the credibility of the United Nations with the insurance company.

Table II.7

Original vehicle fleet versus the revised count for the six-month period from 1 July to 31 December 2000

Month	*Original count submitted to the Insurance Service*	*Final count*	*Increase in count*
July	8 840	9 077	237
August	9 006	9 369	363
September	9 168	9 726	558
October	9 718	10 431	713
November	10 192	10 878	686
December	10 072	10 792	720

Alternative risk-financing programmes

114. The Insurance Service started an investigation into the viability of alternative risk-financing programmes. Possible alternatives to the guaranteed-cost basis are loss-sensitive or self-insurance programmes. Such programmes could result in savings, and more insurance companies would be willing to insure the United Nations in the case of a loss-sensitive programme. However, the United Nations, and especially the Department of Peacekeeping Operations, need to determine whether it will be able to implement the systems necessary for those programmes. A proper cost-benefit analysis should be performed as a basis for taking a decision on the alternative risk-financing programmes.

115. **The Administration agreed with the recommendation of the Board that it:**

(a) **Ensure that the correct vehicle fleet counts are provided to the Insurance Service in a timely manner;**

(b) **Conduct a cost-benefit analysis as a basis for taking a decision on the alternative risk-financing programmes.**

116. The Department of Peacekeeping Operations informed the Board that a more comprehensive and robust reporting system had been introduced in April 2002. The Office of Mission Support is now working with field missions to ensure full compliance with the reporting requirements in a timely manner. The long-term objective is to develop an automated and integrated information reporting system. Also, the Department of Peacekeeping Operations has already approached the Insurance Service to explore alternative insurance mechanisms and risk-mitigation strategies.

6. Procurement and contract management

117. During the audit of procurement and contract management, the Board reviewed ethics, training, procurement cycle planning, contract management and a performance report at Headquarters, eight field missions and the United Nations Logistics Base.

Code of ethics and declaration of independence

118. The Procurement Division has issued guidelines on the acceptance of gifts and hospitality by its staff, and the staff members are also guided by the United Nations Staff Rules, which contain specific provisions relating to professional ethics and integrity required of all staff. There was no specific requirement for Procurement Division staff members to sign a declaration of independence. The Procurement Division informed the Board that a code of ethics would be promulgated in due course and that the matter of a declaration of independence would be reviewed in conjunction with that work. The Division was also of the view that this issue should be reviewed in consultation with the Office of Human Resources Management and the Office of Internal Oversight Services, and that all staff associated with the procurement cycle should also sign such declarations of independence.

119. **The Board recommends that the Administration expedite the promulgation and implementation of a code of ethics and the signing of declarations of independence.**

Procurement training

120. During the previous audit it was determined that there was a need to strengthen the function of the assistant procurement officers through training. It was noted that although training had been provided to the chief procurement officers during the 2001/02 financial year at the various peacekeeping missions, no training had been provided to the other procurement officers. The Procurement Division informed the Board that it became responsible for procurement training in the field missions only in September 2002. The Division has already contacted the chief procurement officers in all missions to identify the training needs and further develop a procurement training plan for 2003. Subsequently, the Division also informed the Board it had organized training in UNFICYP in November 2002 with the participation of staff from UNDOF, UNIFIL and UNMEE. It was also expected that the procurement training needs of missions would be covered by initiatives of the Inter-Agency Procurement Working Group. At UNMEE, several cases reflected deficiencies in procurement professionalism, training and probably staff posts, which were not commensurate with the workload and the need for full compliance with procurement rules and regulations. Management agreed that improvements were necessary, and noted that they would be under way with the recruitment of a P-3 procurement officer and the 2002/03 procurement plan.

121. **The Board recommends that the Procurement Division continue with its efforts to develop and implement a training programme to address the needs of procurement officers at the peacekeeping missions.**

122. The Department of Peacekeeping Operations informed the Board that the management of the Mission had advised the Department that it had initiated action to correct the deficiencies noted by the auditors in the procurement process. In addition, the Department, in conjunction with the Procurement Division, will undertake a thorough review of the UNMEE procurement system during which the findings and recommendations of the Board will be considered. The Department of Peacekeeping Operations and the Department of Management will jointly monitor the review work plan of the team. Furthermore, the UNMEE training cell and Procurement Section are jointly developing a training programme aimed at decreasing the deficiencies noted by the auditors in the procurement system.

Procurement planning

123. Procurement planning is essential in order to facilitate, inter alia, an effective and efficient procurement process, including the benefits of bulk purchasing and improved cash-flow management. The various sections at the peacekeeping missions are responsible for developing and submitting their procurement plans to the Procurement Division of a given mission.

124. The Procurement Division requested that the 2002 combined/reconciled procurement plan for peacekeeping missions be submitted to it by 7 January 2002. The procurement plans for eight of the missions were received. Delays of up to 217 days after the deadline were noted, and some examples are detailed in table II.8.

Table II.8
Delays in the submission of procurement plans to the Supply Section

Mission	*Date submitted*	*Delay*
UNFICYP	21/01/02	14 days
UNLB	21/01/02	14 days
MINURSO	30/01/02	23 days
UNAMSIL	07/02/02	31 days
UNMIK	12/08/02	217 days

125. The overall procurement plan was finalized by the Supply Section on 24 January 2002 and was forwarded to the Procurement Division. However, it did not include the procurement plans of MINURSO, UNAMSIL and UNMIK. The procurement plans of MINURSO and UNAMSIL were forwarded to the Procurement Division on the dates on which they were received from the peacekeeping missions to be included in the overall procurement plan for the peacekeeping missions. The procurement plan of UNMIK was not included at all. Contrary to section 4.02 of the Procurement Manual, no procurement plan was prepared by UNMIBH for its final year of existence, 2002/03. The rationale was that the fall in procurement activity would be such that a duly formalized plan was not required. In fact, procurement expenditures during the months preceding the closure of the Mission would increase from $9 million to $10.7 million. Although the liquidation has been planned, the workload and its ensuing constraints, such as the necessity of providing appropriate structures to operate procurement tasks after the official closure of the mission, have not yet been formally assessed.

126. **The Board recommends that the Administration ensure that all peacekeeping missions submit procurement plans to the Supply Section in a timely manner so as to expedite the complete development of an overall procurement plan.**

127. The Procurement Division welcomed the Board's recommendation in this regard and indicated that it had followed up the submission of procurement plans by missions. The Department of Peacekeeping Operations is in the process of consolidating the procurement plans for 2003 based on the requirements received

from peacekeeping missions for submission to the Procurement Division. This is expected to be completed by 30 January 2003. In order to guide the missions, the Office of Mission Support has developed detailed standard operating procedures for the preparation of a procurement plan. The document, which is in draft form, is being reviewed prior to its formal issuance.

Procurement cycle

128. The Board evaluated the lead times within the procurement cycle of 15 purchase orders, valued at $58.9 million, from the date of the original requisition until the goods or services were indicated as having been received and/or inspected (see table II.9).

Table II.9
Excessive procurement lead times

Purchase order number	*Vendor*	*Net value (US dollars)*	*(a) Date requisitioned*	*(b) Date received/inspected*	*Number of days between (a) and (b)*
PS-5830	1	2 327 580	14/06/01	05/11/01	144
PS-6094	1	2 485 604	23/05/01	04/12/02	195
PG-11587	1	1 339 150	14/12/01	10/05/02	147
PG-11899	3	1 331 955	08/02/02	05/09/02	209
PG-12414	3	1 279 484	20/02/02	Not received at time of audit	>154
PG-12446	1	1 295 173	05/02/02	Not received at time of audit	>199
PG-12517	4	1 500 000	20/02/02	Not received at time of audit	>152
PG-12528	3	1 279 484	22/03/02	Not received at time of audit	>124

129. Excessive lead times within the procurement cycle have a negative impact on the procurement process, for example, they may result in the late receipt of goods and services and the late payment of vendors. This may affect the ability of end-users to properly fulfil their mandate and create supplier dissatisfaction. Similar cases have been found at UNMEE, where several purchases were initiated without a valid purchase order. In six cases totalling $3,716,325, UNMEE did not comply with the approval procedures of the Local Committee on Contracts. The Procurement Division informed the Board that the processing of cases, which led to the award of contracts under purchase orders PG-12414 and PG-12528, for example, had had to be held in abeyance because of delays in the logistical and coordination arrangements at UNLB resulting from the need to negotiate several contractual terms, which became contentious and which were critical to safeguarding the interests of the Organization. In the case of PG-11587, the Procurement Division noted that the actual deliveries had been made on 1 and 16 March 2002 and that problems had been experienced with the receipt of documentation.

130. **The Board recommends that the Administration evaluate the reasons for the excessive lead times in the procurement cycle and take measures to decrease those lead times to a reasonable level as well as to ensure full compliance with procurement directives.**

131. The Department of Peacekeeping Operations informed the Board that the new fund management system implemented with effect from 1 July 2002, in which

missions and other cost centres were given increased delegation of authority, is expected to expedite the procurement process.

Performance reports

132. The report of the Secretary-General on procurement reform (A/53/271 and Corr.1) stipulates in paragraph 21 that all requisitioning departments would be required to complete a supplier performance report. Such supplier performance reports would have to be completed at appropriate intervals during the term of as well as at the completion of the contract, and promptly returned to the Procurement Division. Progress reports and final performance reports are essential for evaluating the performance of vendors and their compliance with the terms of the contract.

133. The contracts listed in table II.10 were renewed without the supplier performance reports having been forwarded to the Procurement Division prior to extension of the contract. The quality of the performance of these contractors was therefore not taken into account when the decision was made to renew the contracts.

Table II.10
Performance of contractors not considered

Contract	*Vendor*	*Type*	*Renewal date*	*Amount (US dollars)*
A	5	Air operations	15/06/01	22 100 000
B	6	Rations	01/03/02	13 048 857

134. Table II.11 shows the contracts for which no progress performance report was received.

Table II.11
Progress reports not received

Contract	*Vendor*	*Type*	*Commencement date*	*Contract amount (US dollars)*
C	7	Air operations	10/05/01	19 327 824
D	5	Air operations	23/04/01	14 962 400
E	7	Air operations	22/10/01	34 223 412
F	8	Rations	01/04/00	89 491 069
G	9	Rations	01/11/01	2 390 857
H	8	Rations	01/02/01	18 058 760

135. **The Board recommends that missions compile assessments of progress and final performance and that those assessments be forwarded to the Procurement Division in a timely manner.**

136. The Department of Peacekeeping Operations informed the Board that it had disseminated an electronic form of the performance reporting program to the field missions approximately a year ago on a trial basis and that some missions had used it successfully. The system contains a trigger function to facilitate the monitoring of

the reporting system. The Department of Peacekeeping Operations will pursue the full implementation of the reporting system with the Procurement Division.

Registration of vendors

137. In accordance with section 5.07.01 of the Procurement Manual, the following factors should be assessed as part of the Procurement Division's evaluation of applications:

(a) The relevance of the commodity or service offered to the United Nations, such as whether it is regularly, occasionally or never required;

(b) Financial stability:

(i) Shows a net profit and has a positive score on at least one of the widely used financial analysis ratios;

(ii) Suppliers who fail to submit financial data capable of being adequately evaluated should normally not be considered, but the application should be put up to the Supplier Review Committee.

138. A review of 23 vendors registered during the current year indicated that:

(a) For eight (35 per cent) of the vendors, an assessment of the degree to which applicants' goods or services were required by the United Nations had not been done. The evaluation form for that purpose had not been fully utilized, and the Procurement Division noted that it had not implemented the concept of assessment by the procurement sections owing to the heavy workload and its efforts to support procurement activities by registering qualified potential suppliers as quickly as possible. The Procurement Division also pointed out that it was common practice to refer vendors of goods and services not ordinarily purchased by the Division to other United Nations agencies and non-governmental organizations that did purchase those types of items or services;

(b) Three (13 per cent) of the vendors did not provide the most recent financial statements when they applied for registration, and the evaluations of financial performance of the vendors were therefore not based on the most recent financial statements.

139. **The Board recommends that the Procurement Division ascertain the need for goods and/or services prior to registering vendors. Vendors should also be requested to submit the most recent financial statements for evaluation.**

7. Training

140. The Advisory Committee on Administrative and Budgetary Questions has reiterated its view that there is a need for better planning of training of personnel in mission areas and that the subjects covered in the training programmes and their costs should be more clearly stated in the performance and budget reports. This issue is also covered in other parts of the present report, under air operations (para. 84 (a)), resident auditors (para. 97) and procurement (para. 120). For the year under review, no formal training plans or budgets existed that could have been subjected to an audit. However, since 1 January 2002, changes have been made in order to structure and coordinate training efforts at the Department of Peacekeeping Operations and at the mission level. The Office of Mission Support training

activities plan for 2002/03 addresses some of the concerns of the Advisory Committee on Administrative and Budgetary Questions. A policy on training and learning for civilian staff members has been developed, which includes such aspects as responsibilities, funding, evaluation of development activities and related themes. The training plan did not prioritize the topics to be covered and the people to be trained.

141. **The Board acknowledges the progress made since January 2002 and recommends that the Administration make a concerted effort to implement the training plans and budgets both at Headquarters and at the mission level. Also, the topics to be covered and the people to be trained should be prioritized.**

142. The Administration should also consider the following:

(a) Emphasizing the evaluation of training sessions and the effective follow-up of those evaluations to ensure that improvements are implemented for future training sessions;

(b) Procuring training material and the applicable implications on inventory;

(c) Determining whether trainers will be provided from internal or external expertise.

143. The Department of Peacekeeping Operations informed the Board that it was committed to ensuring that evaluations of training sessions were carried out with a view to improving future training activities.

8. Liquidation of field missions

144. The Board recommended in its report covering the period from 1 January 1996 to 30 June 1997,[11] as well as its report for the period from 1 July 2000 to 30 June 2001,[12] that the guidelines in respect of missions in liquidation should be finalized and fully implemented. However, these guidelines have still not been finalized and promulgated. The Administration informed the Board that the provisional guidelines had been updated from the results and lessons learned from the liquidation of UNTAES, and had been applied in the liquidation of the United Nations Preventive Deployment Force, the United Nations Mission of Observers in Tajikistan, the United Nations Civilian Police Mission in Haiti, the United Nations Mission in the Central African Republic, the United Nations Observer Mission in Angola and the International Civilian Support Mission in Haiti. Furthermore, the Board was informed that the Office of Mission Support was in the process of preparing standard operating procedures and updating its existing manuals and guidelines. The promulgation of the updated provisional liquidation guidelines would be done in the context of the global approval of standard operating procedures, revised manuals and guidelines. Bearing in mind the positive steps taken by the Administration to finalize the liquidation guidelines, the Board remains concerned that the guidelines have not yet been promulgated.

145. During the follow-up of the implementation of the recommendations made during the previous year, the Board found that there was room for improvement at United Nations Headquarters in controlling and keeping track of documentation from the missions. The Board is pleased to note that for the year under review the tracking of documentation has improved considerably, as the trail of movement could be observed and monitored.

146. **The Board reiterates its recommendations made in previous reports that the Administration expedite the promulgation of the liquidation guidelines.**

147. The Department of Peacekeeping Operations informed the Board that it was in the final stage of coordinating the issuance of substantially revised mission liquidation guidelines. The updated document, entitled "Liquidation Manual", contains the lessons learned from former field operations. It also incorporates policy directives from the legislative bodies and addresses audit recommendations relevant to the mission liquidation process.

148. Several missions in liquidation had not actually been liquidated, even though their mandates had expired a long time ago. The schedule in table II.12 relates to the status of missions in liquidation as at 30 June 2002.

Table II.12
Missions in liquidation whose mandates expired a long time ago

			In US dollars, as at 30 June 2002			
Mission	*Mandate expiry date*	*Final performance report date*	*Accounts receivable*	*Accounts payable*	*Pending claims*	*Number of bank accounts open*
UNPROFOR	31/03/96	28/02/02	-	-	1 471 347	-
MIPONUH	15/03/00	28/02/02	-	-	102 672	-
UNTAES	16/01/98	04/03/02	-	4 356.20	241 106	-
ONUMOZ	31/01/95	Scheduled	-	53 320.62	-	2
UNAMIR	08/03/96	Scheduled	214 790.24	709.00	-	-
MINURCA	01/02/00	Scheduled	-	-	25 000	-
UNOSOM	01/03/95	16/04/02	588 219.66	243 266.86	3 350 093	-
UNOMIL	01/09/97	Scheduled	14 041.62	-	-	1
UNMOT	15/05/00	Not scheduled	16.41	4 710.93	-	-
MONUA	26/02/99	Scheduled	8 731 468.17	358 220.39	807 314	-

149. The Administration indicated that as at October 2002, 7 of the 11 missions in liquidation had been successfully closed and handed over to the Accounts Division. The Finance Management and Support Service projected that the accounts of three other missions in liquidation would be closed and handed over to the Accounts Division by 31 December 2002. Also, as at January 2003, none of the bank accounts remained open and only the MONUA accounts payable remained unpaid.

Pre-liquidation of the United Nations Mission in Bosnia and Herzegovina

150. The Department of Peacekeeping Operations issued guidelines for the reduction of staff and career transition in April 2002. An International Police Task Force repatriation working group has been set up for UNMIBH personnel. According to the supplementary liquidation planning guidelines, dated 24 May 2002, more than 1,000 IPTF monitors out of 1,486 were to be repatriated and the 31 IPTF regional stations were to be closed in the six-week period starting on 14 October 2002. The number of international staff now decreases monthly. Section chiefs have prepared lists of staff needed for the liquidation. The Personnel

Management and Support Service team also counselled more than 150 staff members individually on placement opportunities and established a database dedicated to all UNMIBH staff seeking reassignment. Those data have been shared with recruiting missions. However, while international staff members had been informed by September 2002 of their next duty station, specific procedures had not been established nor had human resources staff been assigned to assist staff members, whether national or international, whose contract with the United Nations would be terminated.

151. The Department of Peacekeeping Operations rightly notes that peacekeeping missions, by their very nature, are not long-term employers and cannot guarantee placement to all and that the majority of UNMIBH local staff have served in junior-level support functions that do not lead to international appointments (for example, guards, translators, cleaners, drivers and clerks). Regarding local placement opportunities, UNMIBH management indicated that as early as April 2002, efforts were being made to place UNMIBH local staff with the European Union. The Department indicated that the Personnel Management and Support Service would continue to do its utmost to place qualified staff so as to meet operational requirements, but that the placement process was a competitive one. The programme manager makes the final selection from shortlisted qualified candidates. Finally, there is still competition for posts, given that two large missions are in the process of downsizing and that the number of posts is being reduced in the established missions. Since April 2002, 40 UNMIBH staff members have been reassigned, with several more being considered by other missions.

152. The Department of Peacekeeping Operations informed the Board that it had made unprecedented efforts to assist UNMIBH in career counselling and to place staff members affected by the downsizing. To the extent possible, UNMIBH staff members have been considered for other field assignments. Some 20 international and 12 local staff members from UNMIBH had been reassigned to other missions by early 2003. Some 40 others were under consideration for other missions. Three other large missions are also downsizing, leading to increased competition for a reduced pool of placement opportunities. With no new large missions in sight to offset the loss of jobs, MONUC remained the major recruiter. The Department stated that staff members were, however, constrained by the fact that MONUC was keen to ensure that candidates were proficient in French.

153. Only 25 of the 1,481 local staff members have been granted the status of United Nations international staff members. The termination of all other contracts will have social consequences on a job market that is already dire and economic consequences for the families concerned. The Board notes that it is only in early 2003 that a placement assistant was to take up the function of assisting with job searches.

154. The Board has previously noted the refusal by the tax authorities of the host Government to exempt local staff from taxes or contributions based on salaries. The question of exemption, based on an interpretation of the status-of-mission agreement between the United Nations and the host Government, dated 23 July 1996 and 5 September 1996, was raised by the Ministry for Foreign Affairs of the host Government in September 1998. The last exchange between the United Nations Legal Counsel and the Permanent Representative of the host Government, in 1999, yielded no answer. The problem, at the time of the audit in September 2002, was

still pending. If no agreement is finalized before 30 June 2003, not only will some 1,400 former United Nations employees be left without resources, but they will also be faced with the risk of having to pay significant amounts in back taxes once UNMIBH is liquidated.

155. **The Board recommends that the Administration follow up the tax status of local staff, in compliance with article V of the Convention on the Privileges and Immunities of the United Nations, with the host Government.**

156. The Department of Peacekeeping Operations informed the Board that the Office of Legal Affairs had raised the matter of the tax status of local staff with the Permanent Mission of the host Government to the United Nations. As the Office of Legal Affairs had not received any response, it sent a further note verbale to the Mission on 12 September 2002.

157. The Board is of the opinion that despite the efforts made, UNMIBH has been exposed in its final months to the risk of demotivated staff members departing prematurely before all local liquidation tasks were completed, and that the financial impact of any disorder in the liquidation might be quite material.

158. **The Board recommends that the Department of Peacekeeping Operations utilize the lessons learned from the pre-liquidation phase of UNMIBH to further develop a human resources strategy with a view to maintaining adequate commitment and performance during the pre-liquidation phase of a mission.**

159. The Department of Peacekeeping Operations commented that a human resources and career management policy would not be fully developed until the Career Management Unit of the Personnel Management and Support Service had been fully staffed.

160. The Procurement Section is deeply involved in the liquidation of UNMIBH. Its main tasks (termination of leases and local contracts, establishment of the freight-forwarding contract and sale of assets) have been identified and scheduled in the mission liquidation plan. It was behind schedule by September 2002.

161. **The Board recommends that the Administration ensure that missions implement in a timely manner the tasks provided by the liquidation plan and strictly respect the schedule.**

162. The Department of Peacekeeping Operations informed the Board that the Mission had advised it that the overall liquidation planning and downsizing was ahead of schedule by early 2003; although UNMIBH has rescheduled some of the activities within the overall plan, this action will not have an affect on the end result. The Office of Mission Support will follow the situation closely and provide necessary guidance to the Mission in order to ensure its closure as scheduled.

9. Project delivery

Outstanding amounts

163. The Board noted shortcomings in the management of trust funds at UNMIK. An amount of $30,000 was paid in September 1999 for a quick-impact project. The amount was disbursed the following year; however, the project has not been finalized. The Administration explained that the equipment for the project had been

purchased but had not been delivered to the project. The equipment is now in the home country of the KFOR unit that had submitted the project. The Mission's attempts to obtain a complete list and photos of the equipment, as well as requests for assistance, have not yielded an appropriate solution. This matter remains unresolved. As a result of projects not having been closed from a project management and/or accounting point of view, 75.8 per cent of UNMIK trust fund accounts receivable are more than one year old. UNMIK is dependent on implementing partners for completing the projects and for their accounting, but most of the projects have been agreed upon for a duration of one to three months. As at 30 June 2002, a "winterization 1999" amount of $192,178 was still due for payment to the United Nations Office for Project Services, and was dependent on an amended contractual agreement yet to be signed with the latter. The Administration explained that the Peacekeeping Financing Division was pursuing the final settlement with the Office.

164. **The Board recommends that the Administration take the necessary steps to close the winterization 1999 projects.**

165. The Department of Peacekeeping Operations shares the concern of the Board regarding delays in the completion of projects by implementing partners. Measures are already in place to ensure that funds are disbursed only upon the completion of specific status reports. In this regard, final payment is made upon the completion of the final report. Although there is little leverage that can be exerted at this stage of the projects, the Mission will continue to pursue this matter with the implementing partners.

166. As underlined by the Special Representative of the Secretary-General, one of the constraints on UNMIBH was that it did not have access to guaranteed funding for priority projects. The Board has therefore reviewed a few such projects. The UNMIBH International Police Task Force assistance programme took a major role in creating and equipping the Government's multi-ethnic State Border Service. The Service now controls 88 per cent of the borders of Bosnia and Herzegovina, but only 100 per cent control will meet the objective of comprehensively strengthening the borders. The Board reviewed two contracts that were first declared a priority for the State Border Service then were delayed in terms of delivery. The examples below illustrate delays induced by inadequate procedures.

167. In December 2001, UNMIBH requested United Nations Headquarters to authorize the purchase of boats. The borders along the Adriatic Sea and the Sava River were not under control because of a lack of equipment, particularly patrol boats. On 29 January 2002, Headquarters advised the Mission that boats would be purchased centrally, through the Headquarters Committee on Contracts. In April 2002, an expression of interest to bid procedure was launched. At the time of our audit (September 2002), the boats had not yet been delivered and the procurement process had been halted, but the needs (preventing the drowning of illegal migrants and human trafficking) were still present. The Procurement Division explained that it had had to cancel the request for proposal that had been issued on 4 June 2002 owing to a change in the requirement and issued another on 25 July 2002. The Logistics Support Division and UNMIBH performed the technical evaluation, which required additional clarification. The final technical evaluation was received on 23 September and a recommendation was made to the Headquarters Committee on Contracts on 8 October 2002, with the contract being signed on 26 November. The

Procurement Division concurred with the Board that various parts of the procurement process could have been shortened, but that its workload, regrettably, had precluded that.

168. On 23 February 2001, the Mission issued a requisition for the purchase of cars and buses for the State Border Service. Seven months later, the Headquarters Committee on Contracts, at its 13 September 2001 meeting, unanimously recommended the purchase and underlined the urgency of stopping the trafficking of human beings, drugs and weapons across borders. The Committee also recommended that all bids received be rejected and that the Mission's Procurement Section be authorized to purchase 8 cars and 25 buses directly. The cars were delivered in December 2001, 10 months after the initial requisition, and by September 2002 they were judged unsatisfactory by the Mission.

169. In another area, out of $314,260 in installations for the physically disabled at Banja Luka University, $190,000 was allocated for elevators. Only one bid was received, at a price not only in excess of the budget, but also double that of similar projects in other universities. It was appropriately rejected. The trust fund then processed a request from the University asking that funds be redeployed so that it could sponsor laboratory equipment purchases (data projector, computer tables, chairs, laser printer, video projectors, television set, etc.) instead of elevators. Such items were not eligible for funding by the trust fund. The project, without adapted lifts, cannot be fully and correctly implemented because the expected disabled students cannot access the classrooms and other facilities located on the upper floors.

170. **The Board recommends that the Department of Peacekeeping Operations and, for its final months, UNMIBH, ensure that project implementation, notably procurement, remains consistent with the initial objectives in terms of priority, timeliness and effectiveness.**

171. The Department of Peacekeeping Operations informed the Board that it was equally concerned about the delays and the delivery of substandard project inputs. The Department would remind all peacekeeping missions to institute appropriate measures to eliminate to the extent possible the weaknesses noted by the auditors in the procurement and delivery of inputs to projects implemented under the trust funds. The Department reminded the mission to prepare a consolidated plan to guide its final procurement activities. Furthermore, the Department is conducting a comprehensive review of the acquisition process and will work closely with the Procurement Division to improve procurement performance for the major projects.

10. Human resources management

Appointments — reference checks

172. The Board noted that reference checks were part of the standard operating procedure of the Recruitment Section of the Personnel Management and Support Service. The Board performed tests on a sample of new appointments to ensure that reference checks were performed properly. In 14 out of 25 appointments (56 per cent) selected during the financial period under review, the Board could not find evidence that a reference check (of either educational background or prior working experience) had been performed prior to those staff members having been appointed. In view of that finding, the Board is concerned that individuals appointed to posts

might not in all cases meet the educational requirements and work experience required for the post.

173. **The Board recommends that the Department of Peacekeeping Operations perform reference checks (including of education and prior working experience) on all newly appointed individuals to ensure that the candidate has the necessary educational and work experience needed for the post.**

174. The Administration indicated that immediate corrective action would be taken to ensure that reference checks were performed on all newly appointed candidates and to streamline the tracking process.

175. At UNMEE, while the vacancy rate for civilian staff decreased from 23.3 per cent in June 2001 to 8.13 per cent as at 31 August 2002, the vacancy rate at the Professional level has remained high (21.8 per cent in 2001; 23 per cent as at 31 August 2002). Administrative Services Section has never been properly staffed. By September 2002, some services, including Personnel, Budget (post filled in October 2002), Contract Management and Movement Control, still did not have any officers and relied on assistants. In September 2002, out of 19 administrative and technical sections, 8 were therefore under the responsibility of only an officer-in-charge. Several services have had successive section chiefs since September 2002, the Chief of the Personnel Section having changed four times in the course of two years. The Board notes that the persistent level of turnover and of lack of managers exposes UNMEE to the risk of errors and of non-compliance with established rules.

176. **The Board recommends that the Department of Peacekeeping Operations pursue efforts to staff the UNMEE management posts in a more timely and appropriate manner.**

177. The Department of Peacekeeping Operations informed the Board that the Office of Mission Support was working closely with UNMEE management in order to fill all vacant posts, as well as to better plan the timely filling of projected vacancies. At present, 50 per cent of the Professional vacancies (7 out of 14) are in the substantive offices, and 3 of the 7 vacancies in administration are in Administrative Services; action is being taken to fill them immediately. The Mission continues to experience a relatively high turnover of staff, and mechanisms for closer coordination and better advance planning have been put in place so that vacancies can be filled in a timely manner.

Assignment of international and local staff

International staff

178. The number of authorized international staff of UNTSO for the biennium 2002-2003 is 117, which is the same number as in the previous biennium. As at 30 June 2002, there were 101 international staff on board. A review of the staffing situation disclosed that a significant number of international staff had been assigned to posts at a higher level than the staff member's grade for more than three months, and in some cases for more than a year. As at 30 June 2002, the total number of such staff was 53 (52 per cent of the total). Section 2 of the administrative instruction on the placement and promotion system (ST/AI/1999/8) provides that the assignment of personnel to a higher post shall be made only on an exceptional and temporary basis, while Section 3.2 of the administrative instruction on the special post allowance

(ST/AI/1999/17) provides that temporary assignments to vacant posts require that the department or office concerned has already initiated the proper procedures for filling the post on a permanent basis. Of the 53 personnel at UNTSO, 13 were performing managerial or supervisory functions. Two of the staff occupied posts two levels higher than their grade, namely, the posts of Administrative Officer, Observer Group Egypt, and Engineer. The Administration informed the Board that the situation had been created by the operational requirements of the mission to fill international vacancies at the managerial and supervisory levels.

179. The Board is concerned about the qualifications and adequacy of authorization of international personnel performing higher-level functions, specifically those who are occupying managerial or supervisory functions.

180. **The Board recommends that the Administration ensure that UNTSO:**

(a) In coordination with the Office of the Human Resources Management, conduct a review of its staffing situation;

(b) Determine the adequacy of the qualifications of the personnel assigned to perform functions of a higher-level post, specifically those performing managerial and supervisory functions;

(c) Improve the vacancy management system in respect of assignment, placement and promotion of Field Service personnel to avoid the assignment of personnel to higher-level posts.

181. The Department of Peacekeeping Operations is cognizant of the discrepancies in staff and post levels at UNTSO. To remedy the situation, the Department, in March 2002, introduced a vacancy announcement-based competitive selection process which would gradually lead to a "rank-in-post" system. This system would enable candidates who met all the requirements of the post to be appointed at the level of the post.

Local personnel

182. The authorized staffing of UNTSO for the biennium 2002-2003 with regard to local personnel is 114. The number of local personnel on board as at 30 June 2002 was 112. Nine staff members (8 per cent) were performing the functions of higher-level posts, and eight of them had been doing so for more than three months. The post levels of 34 personnel (30 per cent of the staff on board) had been reclassified to a lower level as a result of a survey conducted by the Office of Human Resources Management in November 1990. The local staff received the salary of the higher-level post, but the functions performed did not correspond to their post levels. The Administration informed the Board that the Administrative Instruction on the system for the classification of posts (ST/AI/1998/9, sect. 4.2) stated that if a post were reclassified at a lower level, the staff member would not be penalized.

183. **The Board recommended that UNTSO follow the provisions of ST/AI/1999/8 and ST/AI/1999/17 in respect of the assignment of local staff to perform functions of higher-level posts for more than three months. The Board also recommended that UNTSO conduct an updated reclassification review of the posts of local personnel assigned to perform functions of lower-level posts to determine whether there has been a significant change in the functions of the**

post and to reclassify the levels of the posts accordingly. UNTSO agreed with the recommendations.

184. The Department of Peacekeeping Operations informed the Board that mission management had acted on the recommendations regarding the review of the classification of jobs and the grades of local staff. The mission had advised it that in October 2002 it had carried out a review of all posts that were occupied by staff on temporary assignment. Those posts that were filled by staff at lower grades would be recommended for a special post adjustment. Furthermore, lower-level posts encumbered by higher-level staff would be filled, when applicable, upon the resignation or retirement of the incumbents, and replacements would be recruited at the appropriate levels. The guidelines for UNTSO General Service staff have been formulated and were implemented effective 1 October 2002.

Level and grading of staff

185. The post of a movement control clerk, who had been performing the functions of a movement control/travel clerk for the past six years, was recommended by the United Nations Military Observer Group in India and Pakistan to be classified at the G-5 level, however the post was classified as G-4. Since the senior travel assistant post was graded G-7, the movement control clerk was eligible to receive a special post allowance to the G-5 level in accordance with rule 103.11 of the Staff Rules. The inconsistency in the application of entry rules and the grading of employees' posts could result in low employee morale. The Mission informed the Board that the anomalies would be addressed in the new selection and recruitment guidelines.

186. **UNMOGIP agreed with the recommendation of the Board that it ensure consistency in the application of the rules on recruitment and the grading of posts for both local and international staff.**

187. The Department of Peacekeeping Operations informed the Board that the inconsistencies in the application of the rules and guidelines on the grading of posts and staff (both local and international) were being addressed through the use of generic job profiles (as they became available) and rank-in-post grading of appointees. The Personnel Management and Support Service and the personnel sections of all missions have received guidance on these measures and their application to ensure that staff are recruited at levels commensurate with their level of responsibility and the level of the post.

11. United Nations Interim Administration Mission in Kosovo Department of Justice

188. In its report on UNMIK, the Advisory Committee on Administrative and Budgetary Questions cautioned against laying the ground for a situation in which UNMIK would be forced to continue to fund international judges, prosecutors and personnel for the Kosovo penal system for an indeterminate period and without an exit strategy (A/56/887/Add.6, para. 27). A strategy paper was prepared in May 2002, and another strategic document was prepared, with a different form and substance, in June 2002 for the draft Kosovo consolidated budget for the period from 2003 to 2005. A new Pillar I (Police and Justice) has been created, which remains partly in the UNMIK assessed budget, while a Department of Judicial Administration has been created in the Civil Administration, Ministry of Public Services. The two entities are under two different hierarchies, and in 2001 it was envisaged that they should sign a memorandum of understanding to define their

respective functions and establish a working relationship. The memorandum of understanding was not signed. The two entities have a good working relationship, but as long as they remain separate, there is no structural mechanism to guarantee the coherence of the judicial strategy. Moreover, there is no guarantee that the experience of the UNMIK international judges on the management of courts is passed on to the Department of Judicial Administration, although management problems are addressed during regular meetings of international judges. A draft transition strategy document and a formal liaison mechanism were still under preparation at the end of 2002.

189. The Board is pleased to note that UNMIK has acted on the recommendation regarding the establishment of a mechanism to enhance the coherence of its justice strategy and to maximize the lessons learned from international judges. The International Judicial Support Division is also working to develop a more efficient and comprehensive registry and archive so as to create an objective record that will form the basis for an analysis of the role of international judges and prosecutors. The Department of Peacekeeping Operations indicated that the Department of Justice transition strategy document would outline the need for the International Judicial Support Division to increase its capacity to monitor and to report on its involvement with the Kosovo justice system to ensure that the Division's experiences were preserved and would be available to the Department of Judicial Administration.

190. **The Board recommends that the Administration ensure that UNMIK continues to enhance the coherence of its justice strategy and maximize the lessons learned from international judges.**

12. Status-of-mission agreement for offices

191. A memorandum of understanding was signed in June 2001 by the United Nations and the Federal Republic of Yugoslavia to cover the use of a building by the United Nations Liaison Office in Belgrade. The memorandum of understanding indicated that as an interim solution and until a status-of-mission agreement has been concluded between the United Nations and the Federal Republic of Yugoslavia, the staff of UNMIK in Belgrade would be co-located and covered by the present memorandum of understanding. So far, there is a status-of-mission agreement between UNMIBH and the Federal Republic of Yugoslavia but not between UNMIK and the Federal Republic of Yugoslavia. UNMIBH will be in liquidation starting 1 January 2003. A status-of-mission agreement was proposed to the Federal Republic of Yugoslavia in September 2001, but it has yet to be signed. This delay creates a legal and financial risk that UNMIK could find itself without offices in Belgrade in mid-2003.

192. **The Department of Peacekeeping Operations agreed with the recommendation of the Board that it conclude an agreement with the Federal Republic of Yugoslavia regarding the UNMIK liaison office in Belgrade before UNMIBH is liquidated in 2003.**

13. Fraud and presumptive fraud

193. As required under the Financial Regulations and Rules of the United Nations, the Administration reported cases of fraud and presumptive fraud to the Board for the financial period ended 30 June 2002.

194. The Administration reported 11 cases of fraud or presumptive fraud in United Nations peacekeeping missions for the financial period ended 30 June 2002. In addition, the Administration reported five cases that pertained to prior financial periods that had not been reported to the Board previously.

195. The Board noted that in 8 of the 11 cases reported for the financial period ended 30 June 2002, the United Nations did not incur any financial loss. In two cases, money amounting to $4,429 was stolen. In the other case, contracts valued at $175,000 and $55,000 were awarded to two companies as a result of allegedly fraudulent schemes. The fraudulent schemes involved two local staff members who had engaged in allegedly fraudulent procurement schemes between 1998 and 2000, resulting in procurement awards being given to companies established by or colluding with, the staff members.

196. The missions informed the Administration that controls had been implemented to prevent a recurrence of such cases and that, where possible, action had been taken against the individual staff members.

197. The Board noted that the peacekeeping missions did not have a formal fraud-awareness or fraud-prevention policy in place. A fraud-prevention policy should include:

(a) The establishment of a corruption and fraud-prevention committee to serve as an effective framework and coordination point for a corruption and fraud-prevention plan;

(b) The further development and implementation of a code of ethics, including a set of values in which management believes;

(c) The development and implementation of a policy on corruption and fraud, which sets out the organizational stance against fraud as well as the responsibility for the policy;

(d) The development and implementation of a formal corruption and fraud-response plan setting out procedures for fraud reporting by employees and subsequent follow-up steps;

(e) Ethics, corruption and fraud-awareness training sessions and workshops among managers, international and local employees and other stakeholders;

(f) Strengthening of existing and development of additional detection mechanisms;

(g) Development of appropriate resolution mechanisms for reported and detected incidents and allegations of corruption and fraud.

198. **The Board recommends that the Administration develop and implement a formal fraud-prevention policy.**

14. Ex gratia payments

199. The Administration informed the Board that no ex gratia payments had been made during the financial period ended 30 June 2002.

D. Acknowledgement

200. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended by the Secretary-General, the Under-Secretary-General for Management, the Under-Secretary-General for Peacekeeping Operations and members of their staff, as well as to the staff at the peacekeeping missions.

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

Notes

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[1] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5* (A/55/5), vol. II, chap. II.

[2] Ibid., *Fifty-sixth Session, Supplement No. 5* (A/56/5), vol. II, chap. II.

[3] Ibid., para. 79.

[4] Ibid., para. 98.

[5] Ibid., para. 103.

[6] Ibid., para. 107.

[7] Ibid., para. 112.

[8] Ibid., para. 116.

[9] Ibid., para. 120.

[10] Ibid., para. 123.

[11] Ibid., *Fifty-second Session, Supplement No. 5* (A/52/5), vol. II, chap. II, para. 138.

[12] Ibid., *Fifty-sixth Session, Supplement No. 5* (A/56/5), vol. II, chap. II, annex, para. 74.

Annex I

List of missions audited

United Nations Truce Supervision Organization (UNTSO)[a]

Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO)[b]

United Nations Military Observer Group in India and Pakistan (UNMOGIP)[a]

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

United Nations Interim Force in Lebanon (UNIFIL)

United Nations Disengagement Observer Force (UNDOF)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

United Nations Observer Mission in Georgia (UNOMIG)

United Nations Mission in Sierra Leone (UNAMSIL)[c]

United Nations Logistics Base (UNLB)

United Nations Transitional Administration in East Timor (UNTAET)

United Nations Observer Mission in the Democratic Republic of the Congo (MONUC)

United Nations Peacekeeping Force in Cyprus (UNFICYP)[c]

United Nations Mission in Ethiopia and Eritrea (UNMEE)

United Nations Mission in Bosnia and Herzegovina (UNMIBH), including United Nations Mission of Observers in Prevlaka (UNMOP)

United Nations Interim Administration Mission in Kosovo (UNMIK)[c]

United Nations Operation in Somalia (UNOSOM II)[d]

United Nations Mission of Observers in Tajikistan (UNMOT)[d]

United Nations Observer Mission in Liberia (UNOMIL)[d]

United Nations Assistance Mission for Rwanda (UNAMIR)[d]

United Nations Civilian Police Mission in Haiti (MIPONUH)[d]

United Nations Mission in the Central African Republic (MINURCA)[d]

United Nations Peace Forces (UNPF)[d]

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES)[d]

United Nations Preventive Deployment Force (UNPREDEP)[d]

United Nations Observer Mission in Angola (MONUA)[d]

United Nations Operation in Mozambique (ONUMOZ)[d]

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[a] Regular budget-funded missions.

[b] Political affairs mission audited because it is administered by a peacekeeping mission.

[c] Jointly audited missions — teams consisted of representatives of all three members of the Board.

[d] Missions in liquidation.

Annex II

Follow-up on action taken to implement the recommendations of the Board of Auditors in its report for the financial period ended 30 June 2001[a]

1. The Board of Auditors has followed up on action taken by the Administration to implement its recommendations made in its report for the financial period ended 30 June 2001. Table A.1 summarizes the status of implementation of all the previous recommendations and table A.2 details those recommendations not implemented and those under implementation that require comments.

2. Of the 39 recommendations contained in the report of the Board of Auditors for the period ended 30 June 2001, 15 (38 per cent) had been fully implemented and 24 (62 per cent) were under implementation.

Notes

[a] *Official Records of the General Assembly, Fifty-sixth Session, Supplement No. 5* (A/56/5), vol. II, chap. II.

Table A.1

Summary of status of implementation of recommendations for the financial period ended 30 June 2001

Topic	*Implemented*	*Under implementation*	*Total*
A. Financial issues			
Non-expendable equipment	para. 23	paras. 27 and 34	3
Contingent liabilities	-	para. 41	1
Accounts payable	-	para. 45	1
Bank and cash	paras. 48 and 52	para. 56	3
B. Management issues			
Contingent-owned equipment	paras. 67, 79, 83 and 86	paras. 64, 69 and 75	7
Resident auditors	para. 103	paras. 98, 107, 112, 116, 120 and 123	7
Management by objectives	para. 130	-	1
United Nations privileges and immunities	-	paras. 136, 140 and 142	3
Field air operations	paras. 167 and 170	paras. 157, 160 and 164	5
Procurement	-	paras. 175, 179, 183 and 188	4
Civilian police	para. 193	-	1
Liquidation of missions	paras. 196, 201 and 205	-	3
Total			
Number	**15**	**24**	**39**
Percentage	**38**	**62**	**100**

Table A.2

Details on previous recommendations under implementation or not implemented for the financial period ended 30 June 2001

Management			
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
A. Financial issues			
Non-expendable equipment, para. 27	The Office of Programme Planning, Budget and Accounts, in conjunction with the Department of Peacekeeping Operations, should enforce compliance with United Nations directives aimed at ensuring the proper recording and custody of non-expendable equipment.	The Department of Peacekeeping Operations and the Office of Programme Planning, Budget and Accounts have defined clear reporting requirements for peacekeeping missions with respect to non-expendable equipment. They issued four instructions to all peacekeeping missions in May and June 2002 for the preparation of the financial year-end inventory report. Once the instructions are fully implemented, these measures will provide assurance as to the accuracy of non-expendable equipment.	Under implementation. The Board's comments are reflected in the present report (paras. 29-33).
Para. 34	The Administration should emphasize to all peacekeeping missions the importance of proper custody of United Nations property and that the missions ensure the completeness and accuracy of information recorded in respect of decisions taken by their Local Property Survey Boards.	The Department of Peacekeeping Operations commented that the value of non-expendable equipment pending write-off remained part of the inventory of the missions until such time that the equipment was disposed of in conformance with the recommendation approved under the terms of the delegation of authority. The revised reporting format for the 2001/02 financial period did provide for the disclosure of equipment that was pending write-off. The Department has sought to obtain a revision of the	Under implementation. The Board's comments are reflected in the present report (paras. 29-33).

Management			
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
		delegation of authority for property control and accountability for purposes of incorporating an authority for processing. It has also sought to correct a contradiction in the language of the delegation in relation to the assessment of personnel and to incorporate the provisions of ST/SGB/1998/15, which amended the financial rule pertaining to the Property Survey Board.	
Contingent liabilities, para. 41	The Administration should ensure that valid expenditures incurred in a financial period are accrued in the same financial period.	The General Assembly provided full funding for UNOSOM through its resolution 56/501 of 27 June 2002. The liability in respect of MONUA will be similarly recognized. The current estimates for the unfunded liability, as at 30 June 2002, is $11.5 million, a figure that is expected to be less than 1 per cent of total liabilities.	Under implementation. This situation is in the process of being phased out.
Accounts payable, para. 45	The Administration should take appropriate measures to follow up arrears payments in order to settle long-outstanding amounts.	The Administration has taken steps to settle all accounts, including requests to Member States, formal notifications and periodic updates to the General Assembly.	Under implementation. The Board's comments are reflected in the present report (paras. 36-37).
Bank and cash, para. 56	The Administration should ensure that missions review and renegotiate banking relationships with a view to limiting bank costs and delays by assessing whether banking charges and fees are appropriate and permitted under the contract.	The Treasury and the Office of Legal Affairs are continuing to provide technical assistance to a number of missions in negotiating banking relationships.	Under implementation. The Board will continue to keep this matter under review.

	Management		
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
B. Management issues			
Contingent-owned equipment, para. 64	The Administration should ensure that the memorandums of understanding in respect of contingent-owned equipment are signed prior to the deployment of troops to peacekeeping missions and to monitor compliance in that regard.	Because of the protracted negotiations, most deployments to peacekeeping missions will occur prior to a signed memorandum of understanding being in place. The equipment levels and self-sustainment positions are agreed upon in principle, and a draft memorandum of understanding is prepared prior to the deployment of the troops to assist in the preparation of the inspection and verification reports. The Department of Peacekeeping Operations does not certify claims for payment unless the relevant memorandum of understanding is signed by the troop-contributing country.	Under implementation. The Board's comments are reflected in the present report (paras. 51-53).
Para. 69	The Department of Peacekeeping Operations should include missions in pre-deployment inspections to ensure not only that the equipment meets the requirements, but also that no unnecessary equipment is deployed.	The Department of Peacekeeping Operations believed that verification inspections should be conducted of all troop-contributing countries to validate the memorandum of understanding discussions and to ensure that all parties agree as to the equipment to be deployed. This practice has been applied in almost all new deployments to peacekeeping missions.	Under implementation. This matter is referred to in para. 55 of the present report.
Para. 75	The Logistics and Communications Service should instruct the peacekeeping missions to	The Department of Peacekeeping Operations and MONUC have taken steps to assess the impact of	Under implementation. The Board will continue to follow up on the implementation of this

	Management		
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
	assess the impact of using aged and/or obsolete equipment that needed constant repairs and maintenance on the efficiency and effectiveness of its operations and to remind force commanders to report on the serviceability of contingent-owned equipment. The Administration should also consider the feasibility and impact of including broad parameters, stipulating the acceptable age of contingent-owned equipment, in the Contingent-owned Equipment Manual.	contingent-owned aged or obsolete equipment and concluded that the serviceability problems for aged equipment were becoming critical to the Mission. The problem had not been resolved as at July 2002. It should be noted, however, that although the operational effectiveness of the contingent is negatively affected by the lack of serviceable equipment, the United Nations was not exposed to unnecessary financial obligation. The Department of Peacekeeping Operations noted that stipulating the age of contingent-owned equipment in the Manual would be inappropriate and would limit the capacity of troop-contributing countries.	recommendation. The Board accepts the explanation regarding the feasibility of including broad parameters about the age of contingent-owned equipment in the Manual.
Resident auditors, paras. 98, 107, 112, 116, 120 and 123	Under implementation. The related comments of the Administration and the Board are noted in paras. 94-110 of the present report.		
United Nations privileges and immunities, para. 136	The Administration should continue to pursue the exemption of UNFICYP from the payment of value-added tax (VAT) with the host Government.	The mission has again raised the direct exemption of UNFICYP from payment of taxes with the host Government, but has not received a favourable response. However, the host Government has accepted and increased the imprest account created for the replenishment of VAT paid by the Mission from £C 40,000 to £C 80,000.	Under implementation. The Board will continue to keep this matter under review.
Para. 140	The Administration, together with UNMEE,	UNMEE maintained a record of taxes paid to the	Under implementation.

	Management		
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
	should take steps to resolve with the host Government the issue of the payment of tax on purchases in a timely manner, and UNMEE should review and claim refunds for sales tax and duties that have been improperly levied.	host Governments and has sent notes verbales to the respective host Governments, but had not yet received a reply.	The Board will continue to keep this matter under review.
Para. 142	The Administration should obtain from the host Government the tax status of local staff in compliance with article V of the Convention on the Privileges and Immunities of the United Nations.	The Office of Legal Affairs has raised the issue with the Permanent Mission of the host Government to the United Nations and will continue to follow up the matter.	Under implementation. The Board's comments are contained in the present report in para. 154.
Air operations, para. 157	The Administration should ensure that all letters of assist are duly signed before the commencement of the agreement.	The Department of Peacekeeping Operations was committed to the timely signing of letters of assist and will follow up the matter with the relevant host Governments.	Under implementation. The Board will continue to keep this matter under review.
Para. 160	The missions should account for flight hours for both internal and external users and should invoice external users for reimbursement of costs incurred on behalf of such organizations where flight hours are not related to UNMIK areas of responsibility.	UNMIK has instituted a cost-reimbursement system with effect from July 2001 to deal with this issue. Since the introduction of the system, UNMIK has recovered such accounts receivable from UNHCR and UNMIBH.	Under implementation. The matter is also addressed in the present report in para. 87.
Para. 164	The Department of Peacekeeping Operations should ensure that missions strictly enforce policy and established procedures regarding the utilization of United Nations-chartered aircraft by non-mission personnel.	No comment.	Under implementation. The Board will keep this matter under review.

	Management		
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
Procurement, para. 175	The Administration should selectively delegate increased authority to missions that have demonstrated full compliance with United Nations regulations and rules and other directives.	The inter-departmental working group on the delegation of procurement authority is nearing the completion of its discussions with the aim of issuing appropriate delegation instruments to the field missions. It will meet in January 2003 to discuss the implementation and monitoring of the delegation of procurement authority to field missions.	Under implementation. The Board will keep this matter under review.
Para. 179	The Administration should follow up the use of the Carlog system to ensure that peacekeeping missions effectively apply the system in controlling and monitoring the utilization of motor vehicles.	UNDOF has approved the policy regarding the Carlog system, and the system has been installed in all light passenger vehicles and medium buses in the mission. UNDOF has confirmed that the system was an effective and efficient tool for managing the mission's vehicle fleet. Furthermore, Carlog reports are used regularly to assist military police in their traffic accident investigations.	Under implementation. The Carlog system has not been installed at all missions. The full implementation of this recommendation will be followed up.
Para. 183	Missions should approve and issue purchase orders against approved contracts prior to the delivery and invoicing of the underlying goods or services and should renew efforts to ensure that vendors accept the terms and conditions of purchase orders and/or to explore alternative ways in which such acceptance might be obtained.	MINURSO implemented systems to ensure that its procurement practices are in compliance with the established procedures of the Organization. In this regard, all purchase orders are signed by vendors prior to the delivery of goods and services ordered.	Under implementation. The Board will continue to keep this matter under review.

	Management		
Component/area of concern	*Recommendation*	*Specific management action/comments as at 30 June 2002*	*Comments of the Board*
Para. 188	The Administration should ensure that all sections submit procurement plans to procurement divisions in a timely manner to facilitate the development of an overall procurement plan, in order to facilitate an effective and efficient procurement process.	The Department of Peacekeeping Operations informed the Board that, while UNTAET had prepared a procurement plan, implementation of the recommendation was ongoing at MONUC and MINURSO.	Under implementation. The Board's comments are reflected in the present report in paras. 123-125.

Chapter III

Audit opinion

We have audited the accompanying financial statements of the United Nations peacekeeping operations, comprising statements numbered I to XXXVIII, schedules numbered 1.1 to 32.1 and the supporting notes for the financial period ended 30 June 2002. These financial statements are the responsibility of the Secretary-General of the United Nations. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the common auditing standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Secretary-General, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for the audit opinion.

In our opinion, these financial statements present fairly, in all significant respects, the financial position as at 30 June 2002 and the results of operations and cash flows for the period then ended, in accordance with the stated accounting policies set out in note 2 to the financial statements, which were applied on a basis consistent with that of the preceding financial period.

Furthermore, in our opinion, the transactions of the United Nations peacekeeping operations that we have tested as part of our audit have in all significant respects been in accordance with the Financial Regulations and legislative authority.

In accordance with article XII of the Financial Regulations, we have also issued a long-form report on our audit of the financial statements on the United Nations peacekeeping operations.

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

Chapter IV

Certification of the financial statements

1. In its resolution 49/233 A of 23 December 1994, the General Assembly established an annual financial period for peacekeeping activities covering the period from 1 July to 30 June. The financial statements of the United Nations peacekeeping operations for the 12-month period from 1 July 2001 to 30 June 2002 have been prepared in accordance with financial rule 111.4.

2. The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information and clarification of the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

3. I certify that the appended financial statements of the United Nations peacekeeping operations, numbered I to XXXVIII, are correct.

(*Signed*) Jean-Pierre **Halbwachs**
Assistant Secretary-General, Controller

27 September 2002

Chapter V

Financial statements for the 12-month period from 1 July 2001 to 30 June 2002

Statement I

Summary of United Nations peacekeeping operations a/

Statement of income and expenditure and changes in reserves and fund balances
for 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Total active operations	Peacekeeping Reserve Fund, Programme Support, Logistics Base	Total completed operations	All peacekeeping fund eliminations	Total for the period	
					1 July 2001 to 30 June 2002	1 July 2000 to 30 June 2001
Income						
Assessed contributions	2 679 678	-	172		2 679 850	2 499 853
Voluntary contributions	57 292	-	-		57 292	59 067
Allocation from other funds	-	99 873	-	(99 873)	-	-
Funding from reserves and fund balances	-	4 497	19 616	-	24 113	3 911
Interest income	47 869	8 650	22 493		79 012	75 265
Other/miscellaneous income	6 085	159	467		6 711	18 856
Total income	**2 790 924**	**113 179**	**42 748**	**(99 873)**	**2 846 978**	**2 656 972**
Total expenditure	**2 558 584** b/	**93 315**	**19 616**	**(99 873)**	**2 571 642**	**2 383 238**
Excess (shortfall) of income over expenditure	**232 340**	**19 864**	**23 132**	-	**275 336**	**273 734**
Prior-period adjustments	124	(1)	(759)	-	(636)	(2 783)
Net excess (shortfall) of income over expenditure	**232 464**	**19 863**	**22 373**	-	**274 700**	**270 951**
Savings on or cancellation of prior-period obligations	82 738	1 501	31 286	-	115 527	73 551
Credits returned to Member States	(329 444)	-	(93 502)	-	(422 946)	(176 833)
Transfers from reserves and fund balances	-	(4 497)	(19 616)	-	(24 113)	(3 911)
Transfer from (to) other funds	-	-	-	-	-	(499)
Reserves and fund balances, beginning of period	**641 084**	**195 367**	**828 469**	-	**1 664 920**	**1 501 661**
Reserves and fund balances, end of period	**626 842**	**212 234**	**769 012**	-	**1 608 088**	**1 664 920**

a/ See note 5.

b/ Schedule 1.1.

The accompanying notes are an integral part of the financial statements.

Schedule 1.1

United Nations peacekeeping operations

Summary of expenditures for active peacekeeping operations for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

Mission	Military and police personnel	Civilian personnel	Operational requirements	Prorated costs of UNLB and support account	Voluntary contributions (budgeted)	Total expenditure	
						2002	2001 a/
UNFICYP	20 169	8 679	11 441	1 370	1 356	43 015	42 360
UNDOF	16 959	6 349	11 114	1 154	-	35 576	36 400
UNIFIL	69 170	29 674	32 067	7 293	201	138 405	183 991
UNIKOM	22 334	13 609	12 693	1 707	46	50 389	50 074
MINURSO	6 345	19 721	13 025	1 631	1 806	42 528	49 660
UNMIBH	49 627	63 572	17 520	4 676	104	135 499	146 219
UNOMIG	3 467	13 581	8 237	901	-	26 186	26 001
UNAMSIL	352 927	47 264	217 455	25 603	-	643 249	522 084
UNMIK	125 532	184 775	49 941	13 362	-	373 610	383 462
MONUC	97 177	68 491	223 159	12 475	-	401 302	246 47[illegible]
UNTAET	190 461	122 647	140 950	21 807	60	475 925	527 648
UNMEE	83 696	27 756	73 556	7 892	-	192 900	164 106
Total	**1 037 864**	**606 118**	**811 158**	**99 871**	**3 573**	**2 558 584**	**2 378 477**

a/ Excludes expenditures for certain missions (UNMOT, MONUA, MIPONUH and MINURCA) that were recategorized

Statement II

Summary of United Nations peacekeeping operations a/

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	Total active operations	Peacekeeping Reserve Fund, Programme Support, Logistics Base	Total completed operations	All peacekeeping funds eliminations	Total 2002	Total 2001
Assets						
Cash and term deposits	30 703	2 051	10 108		42 860	39 320
Cash pool b/	1 018 704	209 942	459 473		1 688 119	1 089 871
Assessed contributions receivable from Member States c/	662 193	26	586 891		1 248 910	2 352 267
Special accounts for unpaid assessed contributions	55 552	-	11 962		67 514	67 514
Voluntary contributions receivable	11 905	-	-		11 905	14 161
Accounts receivable from Member States	4 287	-	135 813 d/		140 100	142 322
Other accounts receivable	12 589	2 889	1 913		17 391	29 513
Inter-fund balances receivable	3 557	560	10 558	(9 366)	5 309	2 702
Due from other peacekeeping funds	-	12 820	11 450	(24 270)	-	-
Deferred charges	2 541	792	128		3 461	2 193
Inter-office transactions pending processing	527	11	63		601	1 293
Other assets	-	-	2 849		2 849	2 849
Total assets	**1 802 558**	**229 091**	**1 231 006**	**(33 636)**	**3 229 019**	**3 744 005**
Liabilities						
Contributions or payments received in advance	3 403	-	1 115		4 518	1 904
Unliquidated obligations	841 697	7 636	55 192		904 525	1 068 541
Accounts payable to Member States	236 555	-	184 596		421 151	668 647
Other accounts payable	47 983	1 578	5 728		55 289	64 738
Inter-fund balances payable	25 078	7 338	9 529	(9 366)	32 579	71 199
Due to other peacekeeping funds	8 000	-	16 270	(24 270)	-	-
Due to United Nations Special Account	-	-	3 329		3 329	3 329
Due to United Nations Bond Account	-	-	44 048		44 048	44 048
Voluntary contributions held in suspense	11 178	-	-		11 178	11 178
Deferred credits	1 504	305	128 273 d/		130 082	131 276
Inter-office transactions pending processing	318	-	5		323	316
Other liabilities	-	-	13 909		13 909	13 909
Total liabilities	**1 175 716**	**16 857**	**461 994**	**(33 636)**	**1 620 931**	**2 079 085**
Reserves and fund balances						
Working capital funds	-	150 000	-		150 000	150 000
Authorized retained surplus	118 865	-	65 216		184 081	293 608
Surplus to be transferred e/	-	-	141 546		141 546	-
Cumulative surplus (deficit)	507 977	62 234	562 250		1 132 461	1 221 312
Total reserves and fund balances	**626 842**	**212 234**	**769 012**		**1 608 088**	**1 664 920**
Total liabilities, reserves and fund balances	**1 802 558**	**229 091**	**1 231 006**	**(33 636)**	**3 229 019**	**3 744 005**

a/ See note 5.

b/ See note 2(k)(ii).

c/ Includes assessed contributions unpaid irrespective of collectability.

d/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954, which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also included in deferred credits.

e/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, an amount of $141,546,000 has been authorized to be transferred for funding of strategic deployment stocks to be held in the accounts of the United Nations Logistics Base. See also note 10.

f/ Reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement III

Summary of United Nations peacekeeping operations a/

Statement of cash flows for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Period	
	1 July 2001 to 30 June 2002	*1 July 2000 to 30 June 2001*
Cash flows from operating activities		
Net excess (shortfall) of income over expenditure (statement I)	274 700	270 951
(Increase) decrease in contributions receivable	1 105 613	(217 003)
(Increase) decrease in other accounts receivable	14 344	(129 323)
(Increase) decrease in other assets	(576)	20 074
Increase (decrease) in contributions or payments received in advance	2 614	(13 323) b/
Increase (decrease) in unliquidated obligations	(164 016)	241 998
Increase (decrease) in accounts payable	(256 945)	39 181 b/
Increase (decrease) in other liabilities	(1 187)	(15 487)
Less interest income	(79 012)	(75 265)
Net cash from operating activities	**895 535**	**121 803**
Cash flows from investing and financing activities		
(Increase) decrease in inter-fund balances receivable	(2 607)	21 350
Increase (decrease) in inter-fund balances payable	(38 620)	52
(Increase) decrease in investments	-	116 969
(Increase) decrease in cash pool	(598 248)	(1 089 871)
Plus interest income	79 012	75 265
Net cash from investing and financing	**(560 463)**	**(876 235)**
Cash flows from other sources		
Savings on or cancellation of prior-period obligations	115 527	73 551
Transfers (to) from other funds	-	(499)
Credits to Member States	(422 946)	(176 833)
Transfers from reserves and fund balances	(24 113)	(3 911)
Net cash from other sources	**(331 532)**	**(107 692)**
Net increase (decrease) in cash and term deposits	3 540	(862 124)
Cash and term deposits, beginning of period	39 320	901 444
Cash and term deposits, end of period	**42 860**	**39 320**

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a/ See note 5.

b/ Reclassified to conform to current presentation.

The accompanying notes are an integral part of the financial statements.

Statement IV

United Nations Peacekeeping Force in Cyprus (UNFICYP) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000-30 June 2001*
Income		
Assessed contributions b/	22 324	23 121
Voluntary contributions c/	21 422	20 301
Interest income	822	804
Other/miscellaneous income	191	61
Total income	**44 759**	**44 287**
Total expenditure (schedule 4.1)	**43 015**	**42 360**
Excess (shortfall) of income over expenditure	**1 744**	**1 927**
Prior-period adjustments	-	(6)
Net excess (shortfall) of income over expenditure	**1 744**	**1 921**
Savings on or cancellation of prior-period obligations	3 638	820
Credits returned to Member States d/	(2 742)	(523)
Reserves and fund balances, beginning of period	24 280	22 062
Reserves and fund balances, end of period e/	**26 920**	**24 280**

Statement IV (concluded)

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	2 633	901
Cash pool f/	18 075	12 896
Assessed contributions receivable from Member States b/	13 663	18 312
Voluntary contributions receivable from Member States g/	6 415	14 161
Accounts receivable from Member States	971	525
Other accounts receivable	221	150
Deferred charges	192	119
Inter-office transactions pending processing	-	1
Total assets	**42 170**	**47 065**
Liabilities		
Contributions or payments received in advance	310	142
Unliquidated obligations - current period	7 931	12 300
Unliquidated obligations - prior periods	2 127	4 943
Accounts payable to Member States	4 514	4 516
Other accounts payable	132	285
Inter-fund balances payable	200	550
Deferred credits	36	43
Inter-office transactions pending processing	-	6
Total liabilities	**15 250**	**22 785**
Reserves and fund balances		
Cumulative surplus	26 920	24 280
Total reserves and fund balances	**26 920**	**24 280**
Total liabilities, reserves and fund balances	**42 170**	**47 065**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Includes $13,565,715 from Cyprus and $6,500,000 from Greece for which budgetary provisions were made. In addition, voluntary contributions in kind were received from Cyprus ($1,296,100) and Australia ($60,000) for which budgetary provisions were made and from Austria ($30,000) for which budgetary provisions were not made.

d/ Under the terms of General Assembly resolution 56/502 of 27 June 2002 and the note by the Secretary General (A/C.5/56/48), the total assessment on Member States was reduced by $1,448,030 representing their share of the unencumbered balance of $591,770 and their share of other income of $856,260, for the period ended 30 June 2001. The remaining [illegible]umbered balance of $469,930 and the balance of other income amounting to $823,740 for the period ending 30 June 2001 were returned to Cyprus ($87[illegible]) and Greece ($414,200) in respect of their voluntary contributions.

e/ For the period from 27 March 1964 to 15 June 1993, obligations recorded in the UNFICYP account are limited to the availability of funds in the special account through voluntary contributions. From the inception of the mission to 30 June 2002, the cumulative unrecorded obligations totalled $167,254,245. The change from the comparable figure as at 30 June 2001 of $151,186,107 is due to exchange rate movements.

f/ Represents share of the cash pool and comprises cash and term deposits of $561,251, short-term investments of $201,984 (market value $203,711), long-term investments of $17,170,104 (market value $17,289,251) and accrued interest receivable of $141,736.

g/ Comprises voluntary contributions receivable from Austria ($2,707,500), Denmark ($2,059,209), the Netherlands ($125,000) and Sweden ($1,522,796) for the period prior to 15 June 1993, which will be offset against government claims for reimbursement of costs in respect of the Force in Cyprus.

The accompanying notes are an integral part of the financial statements.

Schedule 4.1

United Nations Peacekeeping Force in Cyprus (UNFICYP)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	Disbursements	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	20 630	15 416	4 753	20 169	461
Civilian personnel	9 613	8 384	295	8 679	934
Operational requirements	10 776	8 558	2 883	11 441	(665)
Subtotal	**41 019**	**32 358**	**7 931**	**40 289**	**730**
Prorated costs					
United Nations Logistic Base	129	129	-	129	-
Suport account for peacekeeping operations	1 241	1 241	-	1 241	-
Subtotal	**1 370**	**1 370**	-	**1 370**	-
Voluntary contributions in kind (budgeted)	1 376	1 356	-	1 356	20
Total	**43 765**	**35 084**	**7 931**	**43 015**	**750**

Statement V

United Nations Emergency Force (UNEF) 1973
and United Nations Disengagement Observer Force (UNDOF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Assessed contributions b/	35 690	36 975
Interest income	1 292	1 377
Other/miscellaneous income	214	446
Total income	**37 196**	**38 798**
Total expenditure (schedule 5.1)	**35 576**	**36 400**
Excess (shortfall) of income over expenditure	**1 620**	**2 398**
Prior-period adjustments c/	126	-
Net excess (shortfall) of income over expenditure	**1 746**	**2 398**
Savings on or cancellation of prior-period obligations	869	441
Credits returned to Member States d/	(2 839)	(4 325)
Reserves and fund balances, beginning of period	59 257	60 743
Reserves and fund balances, end of period	**59 033**	**59 257**

Statement V (concluded)

United Nations Emergency Force (UNEF) 1973 and United Nations Disengagement Observer Force (UNDOF)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits e/	1 267	1 551
Cash pool f/	20 204	24 811
Assessed contributions receivable from Member States b/	15 420	14 420
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A	35 987	35 987
Accounts receivable from Member States	275	237
Other accounts receivable	197	179
Inter-fund balances receivable	196	-
Deferred charges	114	88
Inter-office transactions pending processing	6	6
Total assets	**73 666**	**77 279**
Liabilities		
Contributions or payments received in advance	330	6
Unliquidated obligations - current period	7 922	13 407
Unliquidated obligations - prior periods	1 190	334
Accounts payable to Member States	4 743	3 236
Other accounts payable	301	639
Inter-fund balances payable	-	309
Deferred credits	147	91
Total liabilities	**14 633**	**18 022**
Reserves and fund balances		
Authorized retained surplus g/	35 987	35 987
Cumulative surplus	23 046	23 270
Total reserves and fund balances	**59 033**	**59 257**
Total liabilities, reserves and fund balances	**73 666**	**77 279**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents reversal of trust fund expenditures that were previously incorrectly charged to UNDOF.

d/ Under the terms of General Assembly resolution 56/294 of 27June 2002, the total assessment on Member States was reduced by $2,839,100, representing the unencumbered balance and other income, for the period from 1 July 2000 to 30 June 2001.

e/ Includes $475,888 equivalent of non-convertible Syrian pounds.

f/ Represents share of the cash pool and comprises cash and term deposits of $627,362, short-term investments of $225,776 (market value $227,706), long-term investments of $19,192,617 (market value $19,325,798) and accrued interest receivable of $158,432.

g/ See note 6.

The accompanying notes are an integral part of the financial statements.

Schedule 5.1

United Nations Disengagement Observer Force (UNDOF)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	16 967	12 265	4 694	16 959	8
Civilian personnel	5 866	6 257	92	6 349	(483)
Operational requirements	11 703	7 978	3 136	11 114	589
Subtotal	**34 536**	**26 500**	**7 922**	**34 422**	**114**
Prorated costs					
United Nations Logistic Base	109	109	-	109	-
Support account for peacekeeping operations	1 045	1 045	-	1 045	-
Subtotal	**1 154**	**1 154**	**-**	**1 154**	**-**
Total	**35 690**	**27 654**	**7 922**	**35 576**	**114**

Statement VI

United Nations Interim Force in Lebanon (UNIFIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	1 July 2000- 30 June 2001
Income		
Assessed contributions b/	143 908	207 154
Voluntary contributions c/	201	180
Interest income	6 718	5 778
Other/miscellaneous income	305	953
Total income	**151 132**	**214 065**
Total expenditure (schedule 6.1)	**138 405**	**183 991**
Excess (shortfall) of income over expenditure	**12 727**	**30 074**
Prior-period adjustments	-	503
Net excess (shortfall) of income over expenditure	**12 727**	**30 577**
Savings on or cancellation of prior-period obligations	8 135	5 248
Credits returned to Member States d/	(35 825)	-
Reserves and fund balances, beginning of period	184 590	148 765
Reserves and fund balances, end of period	**169 627**	**184 590**

Statement VI (concluded)

United Nations Interim Force in Lebanon (UNIFIL)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	1 306	1 272
Cash pool e/	145 978	99 129
Assessed contributions receivable from Member States b/	84 324	165 591
Special account for unpaid assessed contributions pursuant to General Assembly resolution 36/116 A	19 565	19 565
Accounts receivable from Member States	1 554	1 468
Other accounts receivable	995	935
Inter-fund balances receivable	-	414
Deferred charges	476	310
Inter-office transactions pending processing	149	45
Total assets	**254 347**	**288 729**
Liabilities		
Contributions or payments received in advance	21	-
Unliquidated obligations - current period	35 444	77 782
Unliquidated obligations - prior periods	9 881	10 191
Accounts payable to Member States	25 139	3 113
Other accounts payable	1 801	1 669
Voluntary contributions held in suspense f/	11 178	11 178
Inter-fund balances payable	1 158	-
Deferred credits	82	183
Inter-office transactions pending processing	16	23
Total liabilities	**84 720**	**104 139**
Reserves and fund balances		
Authorized retained surplus g/	82 878	82 878
Cumulative surplus	86 749	101 712
Total reserves and fund balances	**169 627**	**184 590**
Total liabilities, reserves and fund balances	**254 347**	**288 729**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind of $201,200 from Lebanon for which budgetary provisions were made for rental of premises.

d/ Under the terms of General Assembly resolution 56/214 B of 27 June 2002, the total assessment on Member States was reduced by $35,825,100, comprising $23,343,100 from the unencumbered balance and $12,482,000 from other income, for the period ended 30 June 2001.

e/ Represents share of the cash pool and comprises cash and term deposits of $4,532,783, short-term investments of $1,631,262 (market value $1,645,212), long-term investments of $138,669,389 (market value $139,631,636) and accrued interest receivable of $1,144,692.

f/ Received from Cyprus, Kuwait, Luxembourg, Oman, the Seychelles and Switzerland.

g/ See note 7.

The accompanying notes are an integral part of the financial statements.

Schedule 6.1

United Nations Interim Force in Lebanon (UNIFIL)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	Disbursements	Unliquidated obligations	Total expenditure	Unencumbered balance
Military and police personnel	72 529	47 944	21 226	69 170	3 359
Civilian personnel	28 608	28 465	1 209	29 674	(1 066)
Operational requirements	35 478	19 058	13 009	32 067	3 411
Subtotal	**136 615**	**95 467**	**35 444**	**130 911**	**5 704**
Prorated costs					
United Nations Logistic Base	629	629	-	629	-
Suport account for peacekeeping operations	6 664	6 664	-	6 664	-
Subtotal	**7 293**	**7 293**	**-**	**7 293**	**-**
Voluntary contributions in kind (budgeted)	201	201	-	201	-
Total	**144 109**	**102 961**	**35 444**	**138 405**	**5 704**

Statement VII

United Nations Iraq-Kuwait Observation Mission (UNIKOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	1 July 2000- 30 June 2001
Income		
Assessed contributions b/	19 163	19 185
Voluntary contributions c/	33 699	33 525
Interest income	2 910	3 203
Other/miscellaneous income	109	182
Total income	**55 881**	**56 095**
Total expenditure (schedule 7.1)	**50 389**	**50 074**
Excess (shortfall) of income over expenditure	**5 492**	**6 021**
Prior-period adjustments	-	(1 916)
Net excess (shortfall) of income over expenditure	**5 492**	**4 105**
Savings on or cancellation of prior-period obligations	952	563
Credits returned to Member States d/	(6 585)	(2 987)
Reserves and fund balances, beginning of period	48 885	47 204
Reserves and fund balances, end of period	**48 744**	**48 885**

Statement VII (concluded)

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	345	(3 126)
Cash pool e/	52 566	57 292
Assessed contributions receivable from Member States b/	12 199	13 514
Voluntary contribution receivable from a Member State c/	5 490	-
Accounts receivable from Member States	3	2
Other accounts receivable	132	111
Deferred charges	82	124
Inter-office transactions pending processing	-	8
Total assets	**70 817**	**67 925**
Liabilities		
Contributions or payments received in advance	5	10
Unliquidated obligations - current period	11 429	12 922
Unliquidated obligations - prior periods	3 000	3 664
Accounts payable to Member States	6 666	1 067
Other accounts payable	54	77
Inter-fund balances payable	846	1 178
Deferred credits	13	57
Inter-office transactions pending processing	60	65
Total liabilities	**22 073**	**19 040**
Reserves and fund balances		
Cumulative surplus	48 744	48 885
Total reserves and fund balances	**48 744**	**48 885**
Total liabilities, reserves and fund balances	**70 817**	**67 925**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Voluntary contributions from Kuwait amounted to $33,699,304, of which $28,162,877 was received in cash, $46,664 was received in kind, and the remaining amount of $5,489,763 was outstanding as at 30 June 2002. The voluntary contributions in kind were made for naval operations and medical supplies for which budgetary provisions were made.

d/ Under the terms of General Assembly resolution 56/297 of 27June 2002 and the note by the Secretary-General (A/C.5/56/47), an amount of $4,244,200, representing two thirds of the unencumbered balance and other income for the period from 1 July 2000 to 30 June 2001, was returned to the Government of Kuwait and the remaining one third, amounting to $2,341,000, was returned to Member States.

e/ Represents share of the cash pool and comprises cash and term deposits of $1,632,231, short-term investments of $587,409 (market value $592,432), long-term investments of $49,934,118 (market value $50,280,618) and accrued interest receivable of $412,198.

The accompanying notes are an integral part of the financial statements.

Schedule 7.1

United Nations Iraq-Kuwait Observation Mission (UNIKOM)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	21 689	17 461	4 873	22 334	(645)
Civilian personnel	16 349	13 583	26	13 609	2 740
Operational requirements	13 070	6 163	6 530	12 693	377
Subtotal	**51 108**	**37 207**	**11 429**	**48 636**	**2 472**
Prorated costs					
United Nations Logistic Base	161	161	-	161	-
Support account for peacekeeping operations	1 546	1 546	-	1 546	-
Subtotal	**1 707**	**1 707**	**-**	**1 707**	**-**
Voluntary contributions in kind (budgeted)	3 122	46	-	46	3 076
Total	**55 937**	**38 960**	**11 429**	**50 389**	**5 548**

Statement VIII

United Nations Mission for the Referendum in Western Sahara (MINURSO) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Assessed contributions b/	50 481	49 317
Voluntary contributions c/	1 806	3 671
Interest income	910	283
Other/miscellaneous income	51	89
Total income	**53 248**	**53 360**
Total expenditure (schedule 8.1)	**42 528**	**49 660**
Excess (shortfall) of income over expenditure	10 720	3 700
Prior-period adjustments	(2)	-
Net excess (shortfall) of income over expenditure	**10 718**	**3 700**
Savings on or cancellation of prior-period obligations	1 567	2 110
Credits returned to Member States d/	(5 810)	(2 913)
Reserves and fund balances, beginning of period	32 191	29 294
Reserves and fund balances, end of period	**38 666**	**32 191**

Statement VIII (concluded)

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits e/	1 224	2 443
Cash pool f/	5 273	3 918
Assessed contributions receivable from Member States b/	48 499	90 028
Accounts receivable from Member States	221	132
Other accounts receivable	338	552
Deferred charges	105	98
Inter-office transactions pending processing	1	59
Total assets	**55 661**	**97 230**
Liabilities		
Contributions or payments received in advance	1	1
Unliquidated obligations - current period	3 421	4 275
Unliquidated obligations - prior periods	2 273	2 635
Accounts payable to Member States	1 679	1 608
Other accounts payable	441	3 453
Inter-fund balances payable	1 127	2 882
Due to United Nations Mission in Haiti	8 000	41 300
Due to United Nations Assistance Mission for Rwanda	-	8 800
Deferred credits	31	72
Inter-office transactions pending processing	22	13
Total liabilities	**16 995**	**65 039**
Reserves and fund balances		
Cumulative surplus	38 666	32 191
Total reserves and fund balances	**38 666**	**32 191**
Total liabilities, reserves and fund balances	**55 661**	**97 230**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contributions in kind from Morocco, Algeria and the Frente Polisario amounting to $1,020,745, $585,355 and $200,000 respectively, for which budgetary provisions have been made for meals, facilities, transportation, air operations and other miscellaneous services.

d/ Under the terms of General Assembly resolution 56/298 of 27 June 2002, the total assessment on Member States was reduced by $5,809,737, comprising $3,327,737 from the unencumbered balance and $2,482,000 from other income, for the period from 1 July 2000 to 30 June 2001.

e/ Includes $31,868 equivalent of non-convertible Moroccan dirhams.

f/ Represents share of the cash pool and comprises cash and term deposits of $163,727, short-term investments of $58,922 (market value $59,426), long-term investments of $5,008,843 (market value $5,043,600) and accrued interest receivable of $41,347.

The accompanying notes are an integral part of the financial statements.

Schedule 8.1

United Nations Mission for the Referendum in Western Sahara (MINURSO)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	Disbursements	Unliquidated obligations	Total expenditure	Unencumbered balance
Military and police personnel	7 994	5 742	603	6 345	1 649
Civilian personnel	25 985	19 483	238	19 721	6 264
Operational requirements	14 871	10 445	2 580	13 025	1 846
Subtotal	**48 850**	**35 670**	**3 421**	**39 091**	**9 759**
Prorated costs					
United Nations Logistic Base	154	154	-	154	-
Support account for peacekeeping operations	1 477	1 477	-	1 477	-
Subtotal	**1 631**	**1 631**	**-**	**1 631**	**-**
Voluntary contributions in kind (budgeted)	3 415	1 806	-	1 806	1 609
Total	**53 896**	**39 107**	3 421	**42 528**	**11 368**

Statement IX

United Nations Mission in Bosnia and Herzegovina (UNMIBH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Assessed contributions b/	144 677	158 708
Voluntary contribution c/	104	-
Interest income	1 994	1 940
Other/miscellaneous income	602	2 086
Total income	**147 377**	**162 734**
Total expenditure (schedule 9.1)	**135 499**	**146 219**
Net excess (shortfall) of income over expenditure	**11 878**	**16 515**
Savings on or cancellation of prior-period obligations	3 143	1 553
Credits returned to Member States d/	(18 069)	(25 990)
Reserves and fund balances, beginning of period	60 923	68 845
Reserves and fund balances, end of period	**57 875**	**60 923**

Statement IX (concluded)

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	2 485	4 256
Cash pool e/	14 492	31 339
Assessed contributions receivable from Member States b/	53 353	50 187
Accounts receivable from Member States	15	222
Other accounts receivable	499	825
Inter-fund balances receivable	3 361	-
Deferred charges	117	61
Inter-office transactions pending processing	28	280
Total assets	**74 350**	**87 170**
Liabilities		
Contributions or payments received in advance	513	4
Unliquidated obligations - current period	4 874	8 580
Unliquidated obligations - prior periods	1 940	2 095
Accounts payable to Member States	7 869	8 833
Other accounts payable	1 011	775
Inter-fund balances payable	-	5 488
Deferred credits	258	389
Inter-office transactions pending processing	10	83
Total liabilities	**16 475**	**26 247**
Reserves and fund balances		
Cumulative surplus	57 875	60 923
Total reserves and fund balances	**57 875**	**60 923**
Total liabilities, reserves and fund balances	**74 350**	**87 170**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind from Bosnia and Herzegovina relating to airport fees of $104,000 for which budgetary provisions were made.

d/ Under the terms of General Assembly resolution 56/505 of 27 June 2002, the total assessment on Member States was reduced by $18,068,667, representing the unencumbered balance of $12,488,667 and other income of $5,580,000 for the period ended 30 June 2001.

e/ Represents share of the cash pool and comprises cash and term deposits of $449,977, short-term investments of $161,938 (market value $163,323), long-term investments of $13,765,941 (market value $13,861,465) and accrued interest receivable of $113,635.

The accompanying notes are an integral part of the financial statements.

Schedule 9.1

United Nations Mission in Bosnia and Herzegovina (UNMIBH)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	Disbursements	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	55 406	48 599	1 028	49 627	5 779
Civilian personnel	62 559	63 033	539	63 572	(1 013)
Operational requirements	22 035	14 213	3 307	17 520	4 515
Subtotal	**140 000**	**125 845**	**4 874**	**130 719**	**9 281**
Prorated costs					
United Nations Logistic Base	442	442	-	442	-
Support account for peacekeeping operations	4 234	4 234	-	4 234	-
Subtotal	**4 676**	**4 676**	**-**	**4 676**	**-**
Voluntary contributions in kind (budgeted)	104	104	-	104	-
Total	**144 780**	**130 625**	**4 874**	**135 499**	**9 281**

Statement X

United Nations Observer Mission in Georgia (UNOMIG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Assessed contributions b/	27 896	30 048
Interest income	372	430
Other/miscellaneous income	37	119
Total income	**28 305**	**30 597**
Total expenditure (schedule 10.1)	**26 186**	**26 001**
Excess (shortfall) of income over expenditure	**2 119**	**4 596**
Savings on or cancellation of prior-period obligations	568	1 170
Credits returned to Member States c/	(5 766)	(5 997)
Transfer to other funds	-	(499)
Reserves and fund balances, beginning of period	11 583	12 313
Reserves and fund balances, end of period	**8 504**	**11 583**

Statement X (concluded)

United Nations Observer Mission in Georgia (UNOMIG)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	2 061	1 775
Cash pool d/	6 321	6 600
Assessed contributions receivable from Member States b/	6 548	12 460
Accounts receivable from Member States	-	4
Other accounts receivable	102	132
Deferred charges	14	22
Inter-office transactions pending processing	12	3
Total assets	**15 058**	**20 996**
Liabilities		
Contributions or payments received in advance	4	3
Unliquidated obligations - current period	2 491	4 364
Unliquidated obligations - prior periods	270	300
Accounts payable to Member States	2 599	2 511
Other accounts payable e/	702	467
Inter-fund balances payable	476	1 749
Deferred credits	12	18
Inter-office transactions pending processing	-	1
Total liabilities	**6 554**	**9 413**
Reserves and fund balances		
Cumulative surplus	8 504	11 583
Total reserves and fund balances	**8 504**	**11 583**
Total liabilities, reserves and fund balances	**15 058**	**20 996**

a/ See notes 2 and 3

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/503 of 27 June 2002, the total assessment on Member States was reduced by $5,766,197, representing the unencumbered balance of $ 4,047,197 and other income of $1,719,000, for the period ended 30 June 2001.

d/ Represents share of the cash pool and comprises cash and term deposits of $196,270, short-term investments of $70,634 (market value $71,238), long-term investments of $6,004,384 (market value $6,046,050) and accrued interest receivable of $49,565.

e/ Includes $160,852 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 10.1

United Nations Observer Mission in Georgia (UNOMIG)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	3 840	3 277	190	3 467	373
Civilian personnel	14 715	13 230	351	13 581	1 134
Operational requirements	8 440	6 287	1 950	8 237	203
Subtotal	**26 995**	**22 794**	**2 491**	**25 285**	**1 710**
Prorated costs					
United Nations Logistic Base	85	85	-	85	-
Suport account for peacekeeping operations	816	816	-	816	-
Subtotal	**901**	**901**	**-**	**901**	**-**
Total	**27 896**	**23 695**	**2 491**	**26 186**	**1 710**

Statement XI

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Assessed contributions b/	676 603	541 035
Voluntary contributions	-	1 350
Interest income	9 888	5 219
Other income	616	966
Total income	**687 107**	**548 570**
Total expenditure (schedule 11.1)	**643 249**	**522 084**
Net excess (shortfall) of income over expenditure	**43 858**	**26 486**
Savings on or cancellation of prior-period obligations	12 703	8 462
Credits returned to Member States c/	(34 951)	(2 451)
Reserves and fund balances, beginning period	37 273	4 776
Reserves and fund balances, end of period	**58 883**	**37 273**

Statement XI (concluded)

United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	688	3 470
Cash pool d/	349 950	103 205
Assessed contributions receivable from Member States b/	141 097	243 894
Accounts receivable from Member States	92	17
Other accounts receivable	1 183	1 377
Deferred charges	233	143
Inter-office transactions pending processing	-	209
Total assets	**493 243**	**352 315**
Liabilities		
Contributions or payments received in advance	13	-
Unliquidated obligations - current period	251 782	248 487
Unliquidated obligations - prior periods	109 588	52 618
Accounts payable to Member States	60 316	1 514
Other accounts payable e/	10 636	8 105
Inter-fund balances payable	1 872	4 023
Deferred credits	150	291
Inter-office transactions pending processing	3	4
Total liabilities	**434 360**	**315 042**
Reserves and fund balances		
Cumulative surplus	58 883	37 273
Total reserves and fund balances	**58 883**	**37 273**
Total liabilities, reserves and fund balances	**493 243**	**352 315**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/251 B of 27 June 2002, the total assessment on Member States was reduced by the amount of $34,951,551, representing the unencumbered balance of $20,301,551 and other income of $14,650,000, for the period ended 30 June 2001.

d/ Represents share of the cash pool and comprises cash and term deposits of $10,866,339, short-term investments of $3,910,588 (market value $3,944,028), long-term investments of $332,429,032 (market value $334,735,806) and accrued interest receivable of $2,744,144.

e/ Includes $1,088,504 representing claims pending settlement, that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 11.1

United Nations Mission in Sierra Leone (UNAMSIL)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	373 506	216 911	136 017	352 927	20 579
Civilian personnel	57 157	45 381	1 882	47 264	9 893
Operational requirements	261 337	103 572	113 883	217 455	43 882
Subtotal	**692 000**	**365 864**	**251 782**	**617 646**	**74 354**
Prorated costs					
United Nations Logistic Base	1 738	1 738	-	1 738	-
Suport account for peacekeeping operations	23 865	23 865	-	23 865	-
Subtotal	**25 603**	**25 603**	**-**	**25 603**	**-**
Total	**717 603**	**391 467**	**251 782**	**643 249**	**74 354**

Statement XII

United Nations Interim Administration Mission in Kosovo (UNMIK) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000-30 June 2001*
Income		
Assessed contributions b/	413 362	450 000
Interest income	7 623	7 322
Other/miscellaneous income	1 478	1 882
Total income	**422 463**	**459 204**
Total expenditure (schedule 12.1)	**373 610**	**383 462**
Net excess (shortfall) of income over expenditure	**48 853**	**75 742**
Savings on or cancellation of prior-period obligations	14 773	19 837
Credits returned to Member States c/	(95 579)	(65 272)
Reserves and fund balances, beginning of period	99 157	68 850
Reserves and fund balances, end of period	**67 204**	**99 157**

Statement XII (concluded)

United Nations Interim Administration Mission in Kosovo (UNMIK)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	1 456	1 143
Cash pool d/	118 671	95 820
Assessed contributions receivable from Member States b/	48 697	120 085
Accounts receivable from Member States	14	154
Other accounts receivable	1 992	7 209
Deferred charges	208	173
Inter-office transactions pending processing	22	35
Total assets	**171 060**	**224 619**
Liabilities		
Contributions or payments received in advance	76	-
Unliquidated obligations - current period	33 431	63 237
Unliquidated obligations - prior periods	4 773	8 013
Accounts payable to Member States	48 000	26 498
Other accounts payable	6 086	5 967
Inter-fund balances payable	11 116	21 558
Deferred credits	366	187
Inter-office transactions pending processing	8	2
Total liabilities	**103 856**	**125 462**
Reserves and fund balances		
Cumulative surplus	67 204	99 157
Total reserves and fund balances	**67 204**	**99 157**
Total liabilities, reserves and fund balances	**171 060**	**224 619**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/295 of 27 June 2002, the total assessment on Member States was reduced by $95,579,000, representing the unencumbered balance of $66,538,000 and other income of $29,041,000, for the period ended 30 June 2001.

d/ Represents share of the cash pool and comprises cash and term deposits of $3,684,875, short-term investments of $1,326,116 (market value $1,337,456), long-term investments of $112,729,724 (market value $113,511,972) and accrued interest receivable of $930,564.

The accompanying notes are an integral part of the financial statements.

Schedule 12.1

United Nations Interim Administration Mission in Kosovo (UNMIK)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	124 950	112 634	12 898	125 532	(582)
Civilian personnel	226 714	181 177	3 598	184 775	41 939
Operational requirements	48 336	33 006	16 935	49 941	(1 605)
Subtotal	**400 000**	**326 817**	**33 431**	**360 248**	**39 752**
Prorated costs					
United Nations Logistic Base	1 264	1 264	-	1 264	-
Support account for peacekeeping operations	12 098	12 098	-	12 098	-
Subtotal	**13 362**	**13 362**	-	**13 362**	-
Total	**413 362**	**340 179**	**33 431**	**373 610**	**39 752**

Statement XIII

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000-30 June 2001*
Income		
Assessed contributions b/	462 475	232 120
Interest income	4 114	2 037
Other/miscellaneous income	450	291
Total income	**467 039**	**234 448**
Total expenditure (schedule 13.1)	**401 302**	**246 472**
Net excess (shortfall) of income over expenditure	**65 737**	**(12 024)**
Savings on or cancellation of prior-period obligations	18 421	1 806
Credits returned to Member States c/	(30 784)	(3 410)
Reserves and fund balances, beginning of period	(10 050)	3 578
Reserves and fund balances, end of period	**43 324**	**(10 050)**

Statement XIII (concluded)

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	12 001	4 755
Cash pool d/	93 287	717
Assessed contributions receivable from Member States b/	94 346	118 085
Accounts receivable from Member States	2	6
Other accounts receivable	2 546	2 129
Inter-fund balances receivable	-	587
Deferred charges	636	202
Inter-office transactions pending processing	193	395
Total assets	**203 011**	**126 876**
Liabilities		
Contributions or payments received in advance	282	-
Unliquidated obligations - current period	126 875	102 559
Unliquidated obligations - prior period	687	300
Accounts payable to Member States	12 943	-
Other accounts payable e/	16 675	12 004
Inter-fund balances payable	2 027	-
Due to United Nations Peacekeeping Reserve Fund	-	15 000
Due to United Nations Observer Mission in Angola	-	7 000
Deferred credits	172	41
Inter-office transactions pending processing	26	22
Total liabilities	**159 687**	**136 926**
Reserves and fund balances		
Cumulative surplus (deficit)	43 324	(10 050)
Total reserves and fund balances	**43 324**	**(10 050)**
Total liabilities, reserves and fund balances	**203 011**	**126 876**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/252 C of 27 June 2002, the total assessment on Member States was reduced by $30,783,600, comprising $26,647,600 from the unencumbered balance and $4,136,000 from other income, for the period from 1 July 2000 to 30 June 2001.

d/ Represents share of the cash pool and comprises cash and term deposits of $2,896,659, short-term investments of $1,042,452 (market value $1,051,367), long-term investments of $88,616,198 (market value $89,231,119) and accrued interest receivable of $731,511.

e/ Includes $1,054,686 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 13.1

United Nations Organization Mission in the Democratic Republic of the Congo (MONUC)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	102 813	71 538	25 639	97 177	5 636
Civilian personnel	74 916	65 289	3 202	68 491	6 425
Operational requirements	272 271	125 125	98 034	223 159	49 112
Subtotal	**450 000**	**261 952**	**126 875**	**388 827**	**61 173**
Prorated costs					
United Nations Logistic Base	863	863	-	863	-
Support account for peacekeeping operations	11 612	11 612	-	11 612	-
Subtotal	**12 475**	**12 475**	**-**	**12 475**	**-**
Total	**462 475**	**274 427**	**126 875**	**401 302**	**61 173**

Statement XIV

United Nations Transitional Administration in East Timor (UNTAET) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000-30 June 2001*
Income		
Assessed contributions b/	476 807	563 000
Voluntary contributions c/	60	60
Interest income	7 625	8 581
Other income	1 642	1 532
Total income	**486 134**	**573 173**
Total expenditure (schedule 14.1)	**475 925**	**527 648**
Excess (shortfall) of income over expenditure	**10 209**	**45 525**
Savings on or cancellation of prior-period obligations	11 413	19 024
Credits returned to Member States d/	(64 552)	(57 990)
Reserves and fund balances, beginning of period	67 055	60 496
Reserves and fund balances, end of period	**24 125**	**67 055**

Statement XIV (concluded)

United Nations Transitional Administration in East Timor (UNTAET)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	3 198	20 291
Cash pool e/	101 424	137 568
Assessed contributions receivable from Member States b/	110 670	190 914
Accounts receivable from Member States	1 096	584
Other accounts receivable	3 345	7 869
Deferred charges	120	120
Inter-office transactions pending processing	104	220
Total assets	**219 957**	**357 566**
Liabilities		
Contributions or payments received in advance	1 846	145
Unliquidated obligations - current period	105 030	191 803
Unliquidated obligations - prior period	37 976	49 577
Accounts payable to Member States	37 204	23 907
Other accounts payable f/	8 681	7 558
Inter-fund balances payable	4 795	17 426
Deferred credits	274	72
Inter-office transactions pending processing	26	23
Total liabilities	**195 832**	**290 511**
Reserves and fund balances		
Cumulative surplus	24 125	67 055
Total reserves and fund balances	**24 125**	**67 055**
Total liabilities, reserves and fund balances	**219 957**	**357 566**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents voluntary contribution in kind of $60,000 from Australia for premises for which budgetary provisions were made.

d/ Under the terms of General Assembly resolution 56/296 of 27 June 2002, the total assessment on Member States was reduced by $64,552,100 comprising $35,412,100 from the unencumbered balance and $29,140,000 from other income for the period ended 30 June 2001.

e/ Represents share of the cash pool and comprises cash and term deposits of $3,149,327, short-term investments of $1,133,383 (market value $1,143,075), long-term investments of $96,345,946 (market value $97,014,505) and accrued interest receivable of $795,319.

f/ Includes $343,089 representing claims from vendors pending settlement that have been transferred from prior period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 14.1

United Nations Transitional Administration in East Timor (UNTAET)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	Disbursements	Unliquidated obligations	Total expenditure	Unencumbered balance
Military and police personnel	195 778	139 417	51 044	190 461	5 317
Civilian personnel	122 780	118 995	3 652	122 647	133
Operational requirements	136 442	90 616	50 334	140 950	(4 508)
Subtotal	**455 000**	**349 028**	**105 030**	**454 058**	**942**
Prorated costs					
United Nations Logistic Base	1 779	1 779	-	1 779	-
Suport account for peacekeeping operations	20 028	20 028	-	20 028	-
Subtotal	**21 807**	**21 807**	**-**	**21 807**	**-**
Voluntary contributions in kind (budgeted)	60	60	-	60	-
Total	**476 867**	**370 895**	**105 030**	**475 925**	**942**

Statement XV

United Nations Mission in Ethiopia and Eritrea (UNMEE) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*31 July 2000-30 June 2001*
Income		
Assessed contributions b/	206 292	189 190
Interest income	3 601	763
Other Income	390	93
Total income	**210 283**	**190 046**
Total expenditure (schedule 15.1)	**192 900**	**164 106**
Net excess (shortfall) of income over expenditure	**17 383**	**25 940**
Savings on or cancellation of prior-period obligations	**6 556**	-
Credits returned to Member States c/	**(25 942)**	-
Reserves and fund balances, beginning of period	**25 940**	-
Reserves and fund balances, end of period	**23 937**	**25 940**

Statement XV (concluded)

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	2 039	1 732
Cash pool d/	92 463	32 274
Assessed contributions receivable from Member States b/	33 377	121 002
Accounts receivable from Member States	44	5
Other accounts receivable	1 039	634
Deferred charges	244	83
Inter-office transactions pending processing	12	1
Total assets	**129 218**	**155 731**
Liabilities		
Contributions or payments received in advance	2	-
Unliquidated obligations - current period	60 902	94 597
Unliquidated obligations - prior period	16 460	-
Accounts payable to Member States	24 883	-
Other accounts payable e/	1 463	1 129
Inter-fund balances payable	1 461	5 051
Due to United Nations Peacekeeping Reserve Fund	-	29 000
Deferred credits	110	14
Total liabilities	**105 281**	**129 791**
Reserves and fund balances		
Cumulative surplus	23 937	25 940
Total reserves and fund balances	**23 937**	**25 940**
Total liabilities, reserves and fund balances	**129 218**	**155 731**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/250 B of 27 June 2002, the total assessment on Member States was reduced by $25,942,200, representing the unencumbered balance of $25,084,200 and other income of $858,000, for the period ended 30 June 2001.

d/ Represents share of the cash pool and comprises cash and term deposits of $2,871,074, short-term investments of $1,033,245 (market value $1,042,080), long-term investments of $87,833,481 (market value $88,442,970) and accrued interest receivable of $725,050.

e/ Includes $774,289 representing claims pending settlement that have been transferred from prior period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 15.1

United Nations Mission in Ethiopia and Eritrea (UNMEE)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	87 722	56 934	26 762	83 696	4 026
Civilian personnel	31 638	25 939	1 817	27 756	3 882
Operational requirements	79 040	41 233	32 323	73 556	5 484
Subtotal	**198 400**	**124 106**	**60 902**	**185 008**	**13 392**
Prorated costs					
United Nations Logistic Base	569	569	-	569	-
Suport account for peacekeeping operations	7 323	7 323	-	7 323	-
Subtotal	**7 892**	**7 892**	**-**	**7 892**	**-**
Total	**206 292**	**131 998**	**60 902**	**192 900**	**13 392**

Statement XVI

United Nations Peacekeeping Reserve Fund

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Interest income	6 492	10 290
Total income	**6 492**	**10 290**
Total expenditure	**1**	**13**
Net excess (shortfall) of income over expenditure	**6 491**	**10 277**
Reserves and fund balances, beginning of period	190 896	180 619
Reserves and fund balances, end of period	**197 387**	**190 896**

Statement XVI (concluded)

United Nations Peacekeeping Reserve Fund

Statement of assets, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	75	5 363
Cash pool a/	184 466	128 687
Assessed contributions receivable from Member States b/	26	26
Due from United Nations Mission in Ethiopia and Eritrea	-	29 000
Due from United Nations Mission in the Central African Republic c/	12 820	12 820
Due from United Nations Organization Mission in the Democratic Republic of the Congo	-	15 000
Total assets	**197 387**	**190 896**
Reserves and fund balances		
Working capital funds	150 000	150 000
Cumulative surplus	47 387	40 896
Total reserves and fund balances	**197 387**	**190 896**

a/ Represents share of the cash pool and comprises cash and term deposits of $5,727,864, short-term investments of $2,061,349 (market value $2,078,976), long-term investments of $175,229,961 (market value $176,445,907) and accrued interest receivable of $1,446,493.

b/ Contributions assessed on Member States that joined the United Nations subsequent to the adoption of General Assembly resolution 47/217 of 23 December 1992 establishing the Peacekeeping Reserve Fund.

c/ Represents advances for start-up costs for MINURCA.

The accompanying notes are an integral part of the financial statements.

Statement XVII

Support Account for Peacekeeping Operations a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Allocation from other funds b/	91 950	57 711
Funding from reserves and fund balances c/ d/	3 437	2 179
Interest income	1 869	1 699
Other/miscellaneous income	3	24
Total income	**97 259**	**61 613**
Total expenditure (schedule 17.1)	**84 343**	**62 026**
Excess (shortfall) of income over expenditure	**12 916**	**(413)**
Prior-period adjustments	(1)	-
Net excess (shortfall) of income over expenditure	**12 915**	**(413)**
Savings on or cancellation of prior-period obligations	1 255	541
Transfers from reserves and fund balances c/ d/	(3 437)	(2 179)
Reserves and fund balances, beginning of period	65	2 116
Reserves and fund balances, end of period	**10 798**	**65**

Statement XVII (concluded)

Support Account for Peacekeeping Operations

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	520	79
Cash pool e/	23 017	12 859
Other accounts receivable	459	301
Deferred charges	792	521
Total assets	**24 788**	**13 760**
Liabilities		
Unliquidated obligations - current period	4 987	4 614
Other accounts payable	1 368	206
Inter-fund balances payable	7 338	8 626
Deferred credits	297	249
Total liabilities	**13 990**	**13 695**
Reserves and fund balances		
Cumulative surplus	10 798	65
Total reserves and fund balances	**10 798**	**65**
Total liabilities, reserves and fund balances	**24 788**	**13 760**

a/ See notes 2 and 3.

b/ In accordance with General Assembly resolutions 55/271 and 56/241 dated 14 June 2001 and 24 December 2001 respectively, part of the cost estimates amounting to $75,846,200 and $16,103,750 respectively for the period from 1 July 2001 to 30 June 2002 are allocated on prorated basis among the individual active peacekeeping missions.

c/ Under the terms of General Assembly resolution 55/271 of 14 June 2001, the unencumbered balance of $1,300,900 for the period from 1 July 1999 to 30 June 2000 is applied to the resources required for the period from 1 July 2001 to 30 June 2002.

d/ Under the terms of General Assembly resolution 56/293 of 27 June 2002, other income of $2,136,200 for the period from 1 July 2000 to 30 June 2001 is applied to the resources required for the period from 1 July 2000 to 30 June 2001.

e/ Represents share of the cash pool and comprises cash and term deposits of $714,702, short-term investments of $257,208 (market value $259,407), long-term investments of $21,864,552 (market value $22,016,274) and accrued interest receivable of $180,488.

The accompanying notes are an integral part of the financial statements.

Schedule 17.1

Support Account for Peacekeeping Operations

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Civilian personnel	70 039	66 464	1 044	67 508	2 531
Operational requirements	19 710	12 892	3 943	16 835	2 875
Total	**89 749**	**79 356**	**4 987**	**84 343**	**5 406**

Statement XVIII

United Nations Logistics Base at Brindisi a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002
(Thousands of United States dollars)

	Period	
	1 July 2001-30 June 2002	*1 July 2000- 30 June 2001*
Income		
Allocation from other funds b/	7 923	7 585
Funding from reserves and fund balances c/	1 060	1 732
Interest income	289	323
Other/miscellaneous income	156	35
Total income	**9 428**	**9 675**
Total expenditure (schedule18.1)	**8 971**	**7 755**
Excess (shortfall) of income over expenditure	**457**	**1 920**
Savings on or cancellation of prior-period obligations	246	284
Transfers from reserves and fund balances c/	(1 060)	(1 732)
Reserves and fund balances, beginning of period	4 406	3 934
Reserves and fund balances, end of period	**4 049**	**4 406**

Statement XVIII (concluded)

United Nations Logistics Base at Brindisi

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	1 456	1 198
Cash pool d/	2 459	1 229
Other accounts receivable	2 430	4 216
Inter-fund balances receivable	560	248
Deferred charges	-	1
Inter-office transactions pending processing	11	1
Total assets	**6 916**	**6 893**
Liabilities		
Unliquidated obligations - current period	2 649	2 374
Other accounts payable	210	52
Deferred credits	8	11
Inter-office transactions pending processing	-	50
Total liabilities	**2 867**	**2 487**
Reserves and fund balances		
Cumulative surplus	4 049	4 406
Total reserves and fund balances	**4 049**	**4 406**
Total liabilities, reserves and fund balances	**6 916**	**6 893**

a/ See notes 2 and 3.

b/ In accordance with General Assembly resolution 55/272 of 14 June 2001, a part of the cost estimates, amounting to $7,923,100 for the period from 1 July 2001 to 30 June 2002, is allocated on a prorated basis among the individual active peacekeeping missions.

c/ In accordance with General Assembly resolution 55/272 of 14 June 2001, the unecumbered balance of $430,500 for the period from 1 July 1999 to 30 June 2000, the interest income of $289,000 and miscellaneous income of $340,000 was applied to the resources required for the period from 1 July 2001 to 30 June 2002.

d/ Represents share of the cash pool and comprises cash and term deposits of $76,357, short-term investments of $27,479 (market value $27,714), long-term investments of $2,335,956 (market value $2,352,166) and accrued interest receivable of $19,283.

The accompanying notes are an integral part of the financial statements.

Schedule 18.1

United Nations Logistics Base at Brindisi (UNLB)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Civilian personnel	4 997	4 845	61	4 906	91
Operational requirements	3 986	1 477	2 588	4 065	(79)
Total	**8 983**	**6 322**	**2 649**	**8 971**	**12**

Statement XIX

United Nations Mission of Observers in Tajikistan (UNMOT) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 16 December 1994 to 15 May 2000 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	16 December 1994 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	72 145	-	-
Voluntary contributions	2 057	-	-
Interest income	2 585	449	713
Other/miscellaneous income	783	3	92
Total income	**77 570**	**452**	**805**
Total expenditure	**59 414**	**-**	**46**
Excess (shortfall) of income over expenditure	**18 156**	**452**	**759**
Prior-period adjustments c/	(704)	(197)	(105)
Net excess (shortfall) of income over expenditure	**17 452**	**255**	**654**
Savings on or cancellation of prior-period obligations	4 357	45	2 282
Credits returned to Member States	(13 206)	-	(2 416)
Reserves and fund balances, beginning of period	-	8 603	8 083
Reserves and fund balances, end of period	**8 603**	**8 903**	**8 603**

Statement XIX (concluded)

United Nations Mission of Observers in Tajikistan (UNMOT)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	98	49
Cash pool d/	7 865	9 122
Assessed contributions receivable from Member States b/	1 530	1 658
Other accounts receivable	3	15
Inter-fund balances receivable	19	-
Inter-office transactions pending processing	-	4
Total assets	**9 515**	**10 848**
Liabilities		
Contributions or payments received in advance	7	17
Unliquidated obligations - prior periods	200	247
Accounts payable to Member States	376	1 765
Other accounts payable	9	49
Inter-fund balances payable	-	141
Deferred credits	20	26
Total liabilities	**612**	**2 245**
Reserves and fund balances		
Cumulative surplus	8 903	8 603
Total reserves and fund balances	**8 903**	**8 603**
Total liabilities, reserves and fund balances	**9 515**	**10 848**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents prior-period operating expenses of $177,712, other miscellaneous charges of $16,567 and write-offs of $2,341.

d/ Represents share of the cash pool and comprises cash and term deposits of $244,213, short-term investments of $87,888 (market value $88,639), long-term investments of $7,471,105 (market value $7,522,949) and accrued interest receivable of $61,673.

The accompanying notes are an integral part of the financial statements.

Statement XX

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 July 1996 to 15 March 2000 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	1 July 1996 to 15 March 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	133 035	-	-
Voluntary contributions	4 766	-	-
Interest income	2 991	419	783
Other/miscellaneous income	3 882	30	77
Total income	**144 674**	**449**	**860**
Total expenditure	**123 566**	**-**	**57**
Excess (shortfall) of income over expenditure	**21 108**	**449**	**803**
Prior-period adjustments	(214)	(21)	(214)
Net excess (shortfall) of income over expenditure	**20 894**	**428**	**589**
Savings on or cancellation of prior-period obligations	3 977	14	775
Credits returned to Member States	(14 127)	-	(395)
Reserves and fund balances, beginning of period	-	10 744	9 775
Reserves and fund balances, end of period	**10 744**	**11 186**	**10 744**

Statement XX (concluded)

United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	602	435
Cash pool c/	1 261	10 051
Assessed contributions receivable from Member States b/	19 820	20 200
Accounts receivable from Member States	50	69
Other accounts receivable	-	10
Inter-fund balances receivable	28	39
Total assets	**21 761**	**30 804**
Liabilities		
Contributions or payments received in advance	188	206
Unliquidated obligations - current period	-	36
Unliquidated obligations - prior periods	569	1 166
Accounts payable to Member States d/	422	1 687
Other accounts payable	-	13
Inter-fund balances payable	9 366	16 866
Deferred credits	30	75
Inter-office transactions pending processing	-	11
Total liabilities	**10 575**	**20 060**
Reserves and fund balances		
Authorized retained surplus e/	4 000	-
Cumulative surplus	7 186	10 744
Total reserves and fund balances	**11 186**	**10 744**
Total liabilities, reserves and fund balances	**21 761**	**30 804**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $39,153, short-term investments of $14,090 (market value $14,211), long-term investments of $1,197,778 (market value $1,206,090) and accrued interest receivable of $9,887.

d/ Includes $102,672 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

e/ See note 8.

The accompanying notes are an integral part of the financial statements.

Statement XXI

United Nations Mission in the Central African Republic (MINURCA) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 15 April 1998 to 15 February 2000 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	15 April 1998 to 15 February 2000	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	123 075	-	-
Voluntary contributions	4 527	-	-
Interest income	954	10	225
Other/miscellaneous income	750	8	67
Total income	**129 306**	**18**	**292**
Total expenditure	**121 423**	**-**	**106**
Excess (shortfall) of income over expenditure	**7 883**	**18**	**186**
Prior-period adjustments	(2)	(36)	(2)
Net excess (shortfall) of income over expenditure	**7 881**	**(18)**	**184**
Savings on or cancellation of prior-period obligations	4 619	38	1 069
Credits returned to Member States	(6 284)	-	(1 197)
Reserves and fund balances, beginning of period	-	6 216	6 160
Reserves and fund balances, end of period	**6 216**	**6 236**	**6 216**

Statement XXI (concluded)

United Nations Mission in the Central African Republic (MINURCA)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	274	114
Cash pool	1	623
Assessed contributions receivable from Member States b/	35 950	36 172
Other accounts receivable	24	248
Inter-office transactions pending processing	4	8
Total assets	**36 253**	**37 165**
Liabilities		
Contributions or payments received in advance	68	375
Unliquidated obligations - current period	-	20
Unliquidated obligations - prior periods	5 559	9 542
Accounts payable to Member States	8 084	4 401
Other accounts payable c/	25	63
Inter-fund balances payable	10	487
Due to United Nations Peacekeeping Reserve Fund	12 820	12 820
Due to United Nations Mission in Haiti	3 200	3 200
Due to United Nations Peace Forces	250	-
Deferred credits	-	40
Inter-office transactions pending processing	1	1
Total liabilities	**30 017**	**30 949**
Reserves and fund balances		
Cumulative surplus	6 236	6 216
Total reserves and fund balances	**6 236**	**6 216**
Total liabilities, reserves and fund balances	**36 253**	**37 165**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Comprises $25,000 representing claims pending settlement that have been transferred from prior period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXII

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 3 January 1989 to 26 February 1999 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	3 January 1989 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	1 267 792	-	-
Interest income	31 051	2 686	6 601
Other/miscellaneous income	30 253	211	7 854
Total income	**1 329 096**	**2 897**	**14 455**
Total expenditure	**1 190 901**	**-**	**54**
Excess (shortfall) of income over expenditure	**138 195**	**2 897**	**14 401**
Prior-period adjustments c/	(21 822)	(119)	(279)
Net excess (shortfall) of income over expenditure	**116 373**	**2 778**	**14 122**
Savings on or cancellation of prior-period obligations	46 102	3 319	2 653
Credits returned to Member States	(53 481)	-	(967)
Reserves and fund balances, beginning of period	-	108 995	93 187
Reserves and fund balances, end of period	**108 995**	**115 092**	**108 995**

Statement XXII (concluded)

United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	269	(11 691)
Cash pool d/	58 347	58 185
Assessed contributions receivable from Member States b/	51 572	75 779
Accounts receivable from Member States	8 146	8 233
Other accounts receivable	711	772
Due from United Nations Protection Force	-	1 000
Due from United Nations Organization Mission in the Democratic Republic of the Congo	-	7 000
Inter-fund balances receivable	5	-
Inter-office transactions pending processing	-	7
Total assets	**119 050**	**139 285**
Liabilities		
Contributions or payments received in advance	2	9
Unliquidated obligations - prior periods	1 189	24 504
Accounts payable to Member States e/	1 754	2 852
Other accounts payable f/	854	1 627
Inter-fund balances payable	-	909
Deferred credits	159	389
Total liabilities	**3 958**	**30 290**
Reserves and fund balances		
Cumulative surplus	115 092	108 995
Total reserves and fund balances	**115 092**	**108 995**
Total liabilities, reserves and fund balances	**119 050**	**139 285**

a/ See notes 2, 3 and 12.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Comprises accounting adjustments of $68,574, miscellaneous charges and other prior-period adjustments of $41,607 and write-offs of $8,469.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,811,744, short-term investments of $652,012 (market value $657,588), long-term investments of $55,425,862 (market value $55,810,471) and accrued interest receivable of $457,531.

e/ Includes $1,109,286 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

f/ Includes $807,314 representing claims pending settlement that have been transferred from prior period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXIII

United Nations Preventive Deployment Force (UNPREDEP) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 15 October 1999 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/ c/	166 391	172	-
Voluntary contributions	2	-	-
Funding from reserves and fund balances	904	-	-
Interest income	14 773	2 598	4 267
Other/miscellaneous income	3 984	-	-
Total income	**186 054**	**2 770**	**4 267**
Total expenditure	**152 276**	**-**	**-**
Excess (shortfall) of income over expenditure	**33 778**	**2 770**	**4 267**
Prior-period adjustments	(191)	(4)	(39)
Net excess (shortfall) of income over expenditure	**33 587**	**2 766**	**4 228**
Savings on or cancellation of prior-period obligations	6 350	335	16
Credits returned to Member States c/	(13 678)	(18 410)	-
Transfer from reserves and fund balances	(904)	-	-
Reserves and fund balances, beginning of period	-	25 355	21 111
Reserves and fund balances, end of period	**25 355**	**10 046**	**25 355**

Statement XXIII (concluded)

United Nations Preventive Deployment Force (UNPREDEP)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	403	15
Cash pool d/	25 500	68 508
Assessed contributions receivable from Member States b/	3 637	9 449
Other accounts receivable	2	6
Inter-fund balances receivable	6	-
Total assets	**29 548**	**77 978**
Liabilities		
Contributions or payments received in advance	170	182
Unliquidated obligations - prior periods	3 448	4 501
Accounts payable to Member States e/	15 875	47 718
Other accounts payable	-	117
Inter-fund balances payable	-	96
Deferred credits	9	9
Total liabilities	**19 502**	**52 623**
Reserves and fund balances		
Cumulative surplus	10 046	25 355
Total reserves and fund balances	**10 046**	**25 355**
Total liabilities, reserves and fund balances	**29 548**	**77 978**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/299 of 27 June 2002, the total assessment on Member States was reduced by $18,409,935 representing an offset to assessed contributions of $172,000 and credits returned from interest and other income of $18,237,935.

d/ Represents share of the cash pool and comprises cash and term deposits of $791,814, short-term investments of $284,959 (market value $287,396), long-term investments of $24,223,612 (market value $24,391,704) and accrued interest receivable of $199,962.

e/ Includes $654,784 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXIV

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 January 1996 to 30 November 1998 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	1 January 1996 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	517 546	-	-
Voluntary contributions	298	-	-
Interest income	24 181	2 379	2 801
Other/miscellaneous income	4 088	67	49
Total income	**546 113**	**2 446**	**2 850**
Total expenditure	**461 345**	-	-
Excess (shortfall) of income over expenditure	**84 768**	**2 446**	**2 850**
Prior-period adjustments	(1 383)	(31)	(63)
Net excess (shortfall) of income over expenditure	**83 385**	**2 415**	**2 787**
Savings on or cancellation of prior-period obligations	23 136	4 769	-
Credits returned to Member States c/	(50 236)	(35 806)	-
Reserves and fund balances, beginning of period	-	56 285	53 498
Reserves and fund balances, end of period	**56 285**	**27 663**	**56 285**

Statement XXIV (concluded)

United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	767	1
Cash pool d/	42 744	49 370
Assessed contributions receivable from Member States b/	14 426	26 082
Accounts receivable from Member States	-	41
Other accounts receivable	-	4
Inter-fund balances receivable	45	162
Inter-office transactions pending processing	-	1
Total assets	**57 982**	**75 661**
Liabilities		
Contributions or payments received in advance	16	19
Unliquidated obligations - prior periods	4 849	9 528
Accounts payable to Member States e/	25 405	9 667
Other accounts payable	7	95
Deferred credits	42	67
Total liabilities	**30 319**	**19 376**
Reserves and fund balances		
Cumulative surplus	27 663	56 285
Total reserves and fund balances	**27 663**	**56 285**
Total liabilities, reserves and fund balances	**57 982**	**75 661**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Under the terms of General Assembly resolution 56/506 of 27 June 2002, an amount of $35,805,865 was credited to Member States.

d/ Represents share of the cash pool and comprises cash and term deposits of $1,327,239, short-term investments of $477,648 (market value $481,733), long-term investments of $40,603,625 (market value $40,885,379) and accrued interest receivable of $335,176.

e/ Includes $241,106 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXV

United Nations Observer Mission in Liberia (UNOMIL) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 22 September 1993 to 30 June 1998 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	22 September 1993 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	141 984	-	-
Interest income	3 308	635	746
Other/miscellaneous income	1 232	1	18
Total income	**146 524**	**636**	**764**
Total expenditure	**97 401**	-	-
Excess (shortfall) of income over expenditure	**49 123**	**636**	**764**
Prior-period adjustments c/	(261)	88	(10)
Net excess (shortfall) of income over expenditure	**48 862**	**724**	**754**
Savings on or cancellation of prior-period obligations	4 953	349	183
Credits returned to Member States	(38 382)	-	-
Reserves and fund balances, beginning of period	-	15 433	14 496
Reserves and fund balances, end of period	**15 433**	**16 506**	**15 433**

Statement XXV (concluded)

United Nations Observer Mission in Liberia (UNOMIL)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	217	273
Cash pool d/	12 741	11 615
Assessed contributions receivable from Member States b/	3 542	3 980
Other accounts receivable	19	94
Inter-fund balances receivable	11	10
Inter-office transactions pending processing	4	4
Total assets	**16 534**	**15 976**
Liabilities		
Contributions or payments received in advance	-	7
Unliquidated obligations - prior periods	-	82
Accounts payable to Member States	20	28
Other accounts payable	1	385
Deferred credits	5	33
Inter-office transactions pending processing	2	8
Total liabilities	**28**	**543**
Reserves and fund balances		
Cumulative surplus	16 506	15 433
Total reserves and fund balances	**16 506**	**15 433**
Total liabilities, reserves and fund balances	**16 534**	**15 976**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Includes accounting adjustments for the closing of inter-office/inter-agengy payables no longer required of $96,763, offset by write-offs of $9,055.

d/ Represents share of the cash pool and comprises cash and term deposits of $395,635, short-term investments of $142,382 (market value $143,599), long-term investments of $12,103,497 (market value $12,187,485) and accrued interest receivables of $99,912.

The accompanying notes are an integral part of the financial statements.

Statement XXVI

United Nations Peace Forces (UNPF) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 12 January 1992 to 30 June 1997 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	12 January 1992 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	5 082 587	-	-
Voluntary contributions	37 360	-	-
Funding from reserves and fund balances	181 093	-	-
Interest income	46 577	6 084	509
Other/miscellaneous income	89 687	979	149
Total income	**5 437 304**	**7 063**	**658**
Total expenditure	**4 867 418**	**-**	**-**
Excess (shortfall) of income over expenditure	**569 886**	**7 063**	**658**
Prior-period adjustments c/	(226)	(86)	8
Net excess (shortfall) of income over expenditure	**569 660**	**6 977**	**666**
Savings on or cancellation of prior-period obligations	257 609	12 553	3 376
Credits returned to Member States d/	(262 588)	(39 286)	-
Transfer from reserves and fund balances	(181 093)	-	-
Transfer to other funds	(63 312)	-	-
Reserves and fund balances, beginning of period	-	320 276	316 234
Reserves and fund balances, end of period	**320 276**	**300 520**	**320 276**

Statement XXVI (concluded)

United Nations Peace Forces (UNPF)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	3 532	55
Cash pool e/	155 033	106
Assessed contributions receivable from Member States b/	191 985	616 994
Accounts receivable from Member States f/	127 405	127 544
Inter-fund balances receivable	15	-
Other accounts receivable	338	348
Due from United Nations Mission in the Central African Republic	250	-
Total assets	**478 558**	**745 047**
Liabilities		
Contributions or payments received in advance	-	22
Unliquidated obligations - prior periods	18 829	41 978
Accounts payable to Member States g/	31 194	253 066
Other accounts payable	564	599
Inter-fund balances payable	-	560
Due to United Nations Observer Mission in Angola	-	1 000
Deferred credits f/	127 451	127 546
Total liabil[illegible]	**178 038**	**424 771**
Reserves and fund balances		
Authorized retained surplus h/	61 216	174 743
Surplus to be transferred i/	95 979	-
Cumulative surplus	143 325	145 533
Total reserves and fund balances	**300 520**	**320 276**
Total liabilities, reserves and fund balances	**478 558**	**745 047**

a/ See notes 2, 3 and 10.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Represents prior-period medical expenses of $45,928, miscellaneous charges and adjustments of $36,143 and write-offs of $3,487.

d/ Under the terms of General Assembly resolution 56/500 of 27 June 2002, the total assessment on Member States was reduced by $39,286,278.

e/ Represents share of the cash pool and comprises cash and term deposits of $4,813,952, short-term investments of $1,732,449 (market value $1,747,264), long-term investments of $147,271,054 (market value $148,292,990) and accrued interest receivable of $1,215,697.

f/ In accordance with General Assembly resolution 51/12 A of 4 November 1996, includes expenditures totalling $127,379,954, which are reimbursable by Member States as detailed in the report of the Secretary-General (A/54/803). The equivalent amount is also represented in deferred credits.

g/ Includes $1,471,347 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

h/ See note 9.

i/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, an amount of $95,978,945 has been authorized to be transferred for funding of of strategic deployment stocks to be held in the accounts of the United Nations Logistics Base. See also note 10.

The accompanying notes are an integral part of the financial statements.

Statement XXVII

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 February 1997 to 31 May 1997 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	15 February 1997 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	4 000	-	-
Interest income	43	-	1
Other/miscellaneous income	83	-	-
Total income	**4 126**	**-**	**1**
Total expenditure	**3 946**	**-**	**-**
Excess (shortfall) of income over expenditure	**180**	**-**	**1**
Prior-period adjustments	(8)	-	-
Net excess (shortfall) of income over expenditure	**172**	**-**	**1**
Savings on or cancellation of prior-period obligations	138	-	-
Credits returned to Member States	(292)	-	-
Reserves and fund balances, beginning of period	-	18	17
Reserves and fund balances, end of period	**18**	**18**	**18**

Statement XXVII (concluded)

Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	-	39
Assessed contributions receivable from Member States b/	150	152
Total assets	**150**	**191**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	8	9
Inter-fund balances payable	123	163
Total liabilities	**132**	**173**
Reserves and fund balances		
Cumulative surplus	18	18
Total reserves and fund balances	**18**	**18**
Total liabilities, reserves and fund balances	**150**	**191**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

The accompanying notes are intergral part of the financial statements.

Statement XXVIII

United Nations Mission in Haiti (UNMIH) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 23 September 1993 to 31 July 1996 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	23 September 1993 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions a/	357 541	-	-
Voluntary contributions	1	-	-
Interest income	28 157	2 259	3 648
Other/miscellaneous income	3 007	-	5
Total income	**388 706**	**2 259**	**3 653**
Total expenditure	**306 156**	**-**	**-**
Excess (shortfall) of income over expenditure	**82 550**	**2 259**	**3 653**
Prior-period adjustments	(1 079)	(1)	(648)
Net excess (shortfall) of income over expenditure	**81 471**	**2 258**	**3 005**
Savings on or cancellation of prior-period obligations	24 847	8 612	-
Credits returned to Member States b/	(44 446)	-	-
Other adjustments to reserves and fund balances	22	-	-
Reserves and fund balances, beginning of period	-	61 894	58 889
Reserves and fund balances, end of period	**61 894**	**72 764**	**61 894**

Statement XXVIII (concluded)

United Nations Mission in Haiti (UNMIH)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	737	57
Cash pool c/	63 805	51 258
Assessed contributions receivable from Member States b/	1 941	2 668
Accounts receivable from Member States	10	21
Other accounts receivable	1	1
Inter-fund balances receivable	9 366	16 880
Due from United Nations Mission for the Referendum in Western Sahara	8 000	41 300
Due from United Nations Operation in Somalia	-	27 200
Due from United Nations Mission in the Central African Republic	3 200	3 200
Total assets	**87 060**	**142 585**
Liabilities		
Contributions or payments received in advance	53	82
Accounts payable to Member States d/	14 091	67 254
Other accounts payable e/	127	13 355
Inter-fund balances payable	25	-
Total liabilities	**14 296**	**80 691**
Reserves and fund balances		
Surplus to be transferred g/	45 567	-
Cumulative surplus	27 197	61 894
Total reserves and fund balances	**72 764**	**61 894**
Total liabilities, reserves and fund balances	**87 060**	**142 585**

a/ See notes 2, 3 and 10.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the ash pool and comprises cash and term deposits of $1,981,211, short-term investments of $713,000 (market value $719,097), long-term investments of $60,610,288 (market value $61,030,872) and accrued interest receivable of $500,327.

d/ Includes $11,590,892 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

e/ Represents claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

f/ Reclassified to conform to the current presentation.

g/ Under the terms of General Assembly resolution 56/292 of 27 June 2002, an amount of $45,567,055 has been authorized to be transferred for funding of strategic deployment stocks to be held in the accounts of the United Nations Logistics Base. See also note 10.

The accompanying notes are an integral part of the financial statements.

Statement XXIX

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 22 June 1993 to 19 April 1996 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	22 June 1993 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	512 290	-	-
Voluntary contributions	477	-	-
Interest income	17 154	1 400	1 656
Other/miscellaneous income	6 979	-	142
Total income	**536 900**	**1 400**	**1 798**
Total expenditure	**435 657**	**-**	**-**
Excess (shortfall) of income over expenditure	**101 243**	**1 400**	**1 798**
Prior-period adjustments	(30 384)	(1)	(1 055)
Net excess (shortfall) of income over expenditure	**70 859**	**1 399**	**743**
Savings on or cancellation of prior-period obligations	17 638	1 243	-
Credits returned to Member States	(11 819)	-	-
Transfer from other funds	260	-	-
Transfer to other funds	(34 565)	-	-
Reserves and fund balances, beginning of period	0	42 373	41 630
Reserves and fund balances, end of period	**42 373**	**45 015**	**42 373**

Statement XXIX (concluded)

United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	2001
Assets		
Cash and term deposits	205	131
Cash pool c/	32 478	24 685
Assessed contributions receivable from Member States b/	19 430	24 423
Accounts receivable from Member States	-	44
Other accounts receivable	215	215
Inter-fund balances receivable	23	37
Due from United Nations Mission for the Referrendum in Western Sahara	-	8 800
Inter-office transactions pending processing	55	6
Total assets	**52 406**	**58 341**
Liabilities		
Contributions or payments received in advance	1	4
Accounts payable to Member States d/	6 744	14 073
Other accounts payable	623	1 739
Deferred credits	23	152
Total liabilities	**7 391**	**15 968**
Reserves and fund balances		
Cumulative surplus	45 015	42 373
Total reserves and fund balances	**45 015**	**42 373**
Total liabilities, reserves and fund balances	**52 406**	**58 341**

a/ In accordance with Security Council resolution 846 (1993) of 22 June 1993, the accounts of UNAMIR and UNOMUR were consolidated with effect from 23 December 1993. See also notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,008,464, short-term investments of $362,927 (market value $366,030), long-term investments of $30,851,474 (market value $31,065,557) and accrued interest receivable of $254,673.

d/ Includes $6,739,755 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXX

United Nations Observer Mission in El Salvador (ONUSAL) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 7 November 1989 to 31 May 1995 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	7 November 1989 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	238 987	-	-
Voluntary contributions	1 641	-	-
Interest income	3 722	306	37
Other/miscellaneous income	2 607	-	-
Total income	**246 957**	**306**	**37**
Total expenditure	**199 484**	**-**	**-**
Excess (shortfall) of income over expenditure	**47 473**	**306**	**37**
Prior-period adjustments	(1 030)	(1)	1
Net excess (shortfall) of income over expenditure	**46 443**	**305**	**38**
Savings on or cancellation of prior-period obligations	5 176	-	50
Credits returned to Member States	(42 934)	-	-
Transfer to United Nations Peacekeeping Reserve Fund	(258)	-	-
Reserves and fund balances, beginning of period	-	8 427	8 339
Reserves and fund balances, end of period	**8 427**	**8 732**	**8 427**

Statement XXX (concluded)

United Nations Observer Mission in El Salvador (ONUSAL)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	538	532
Cash pool c/	6 295	-
Assessed contributions receivable from Member States b/	2 776	2 782
Other accounts receivable	22	22
Due from United Nations Operation in Somalia	-	6 000
Total assets	**9 631**	**9 336**
Liabilities		
Contributions or payments received in advance	9	10
Accounts payable to Member States	889	899
Inter-fund balances payable	1	-
Total liabilities	**899**	**909**
Reserves and fund balances		
Cumulative surplus	8 732	8 427
Total reserves and fund balances	**8 732**	**8 427**
Total liabilities, reserves and fund balances	**9 631**	**9 336**

a/ In accordance with General Assembly resolution 47/223 of 16 March 1993, the operations of the United Nations Observer Group in Central America (ONUCA) have been incorporated into ONUSAL. See also notes 2 and 3.

b/ Include assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $195,463, short-term investments of $70,343 (market value $70,945), long-term investments of $5,979,698 (market value $6,021,192) and accrued interest receivable of $49,361.

The accompanying notes are an integral part of the financial statements.

Statement XXXI

United Nations Operation in Mozambique (ONUMOZ) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 15 October 1992 to 31 March 1995 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	15 October 1992 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	561 098	-	-
Interest income	7 728	251	466
Other/miscellaneous income	4 232	59	125
Total income	**573 058**	**310**	**591**
Total expenditure	**492 556**	**-**	**-**
Excess (shortfall) of income over expenditure	**80 502**	**310**	**591**
Prior-period adjustments	(9 523)	(42)	(197)
Net excess (shortfall) of income over expenditure	**70 979**	**268**	**394**
Savings on or cancellation of prior-period obligations	24 192	11	-
Credits returned to Member States	(78 242)	-	-
Reserves and fund balances, beginning of period	-	16 929	16 535
Reserves and fund balances, end of period	**16 929**	**17 208**	**16 929**

Statement XXXI (concluded)

United Nations Operation in Mozambique (ONUMOZ)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits c/	361	788
Cash pool d/	194	5 725
Assessed contributions receivable from Member States b/	18 778	18 801
Accounts receivable from Member States	-	6
Other accounts receivable	11	108
Inter-fund balances receivable	-	5
Total assets	**19 344**	**25 433**
Liabilities		
Contributions or payments received in advance	4	8
Accounts payable to Member States e/	2 076	8 277
Other accounts payable	17	168
Inter-fund balances payable	4	-
Deferred credits	34	50
Inter-office transactions pending processing	1	1
Total liabilities	**2 136**	**8 504**
Reserves and fund balances		
Cumulative surplus	17 208	16 929
Total reserves and fund balances	**17 208**	**16 929**
Total liabilities, reserves and fund balances	**19 344**	**25 433**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Includes $39,319 equivalent of non-convertible Mozambican meticals.

d/ Represents share of the cash pool and comprises cash and term deposits of $6,035, short-term investments of $2,172 (market value $2,190), long-term investments of $184,611 (market value $185,892) and accrued interest receivable of $1,524.

e/ Includes $493,770 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Statement XXXII

United Nations Operation in Somalia (UNOSOM) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 May 1992 to 28 February 1995 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	1 May 1992 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	1 738 202	-	-
Funding from reserves and fund balances c/	-	19 616	-
Interest income	7 521	1 503	1 016
Other/miscellaneous income	6 511	558	299
Total income	**1 752 234**	**21 677**	**1 315**
Total expenditure (schedule 32.1)	**1 648 559**	**19 616**	**-**
Excess (shortfall) of income over expenditure	**103 675**	**2 061**	**1 315**
Prior-period adjustments d/	(8 567)	(254)	(311)
Net excess (shortfall) of income over expenditure	**95 108**	**1 807**	**1 004**
Savings on or cancellation of prior-period obligations	44 091	-	-
Credits returned to Member States	(83 930)	-	-
Transfer from other funds	103	-	-
Transfer from reserves and fund balances c/	-	(19 616)	-
Reserves and fund balances, beginning of period	-	55 372	54 368
Reserves and fund balances, end of period	**55 372**	**37 563**	**55 372**

Statement XXXII (concluded)

United Nations Operation in Somalia (UNOSOM)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	113	76
Cash pool e/	10 282	26 834
Assessed contributions receivable from Member States b/	61 365	194 109
Accounts receivable from Member States	-	2 801
Other accounts receivable	351	835
Inter-fund balances receivable	48	42
Total assets	**72 159**	**224 697**
Liabilities		
Contributions or payments received in advance	1	16
Unliquidated obligations - current period	19 616	-
Accounts payable to Member States f/	11 584	115 543
Other accounts payable g/	3 351	3 990
Due to United Nations Transition Assistance Group	-	16 000
Due to United Nations Mission in Haiti	-	27 200
Due to United Nations Observer Mission in El Salvador	-	6 000
Deferred credits	43	573
Inter-office transactions pending processing	1	3
Total liabilities	**34 596**	**169 325**
Reserves and fund balances		
Cumulative surplus	37 563	55 372
Total reserves and fund balances	**37 563**	**55 372**
Total liabilities, reserves and fund balances	**72 159**	**224 697**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Represents additional funding for outstanding government claims that was authorized by the General Assembly in its resolution 56/501 of 27 June 2002.

d/ Comprises accounting adjustments of $229,511, other prior period adjustments of $20,889 and write-offs of $3,243.

e/ Represents share of the cash pool and comprises cash and term deposits of $319,272, short-term investments of $114,900 (market value $115,882), long-term investments of $9,767,333 (market value $9,835,110) and accrued interest receivable of $80,628.

f/ Includes $11,360,611 representing claims from Member States pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

g/ Includes $3,350,093 representing claims pending settlement that have been transferred from prior-period unliquidated obligations to accounts payable.

The accompanying notes are an integral part of the financial statements.

Schedule 32.1

United Nations Operation in Somalia (UNOSOM)

Expenditure for the period from 1 July 2001 to 30 June 2002 as at 30 June 2002

(Thousands of United States dollars)

	Appropriation	*Disbursements*	*Unliquidated obligations*	*Total expenditure*	*Unencumbered balance*
Military and police personnel	19 616	-	19 616	19 616	-
Civilian personnel	-	-	-	-	-
Operational requirements	-	-	-	-	-
Total	**19 616**	**-**	**19 616**	**19 616**	**-**

Statement XXXIII

United Nations Military Liaison Team in Cambodia (UNMLT) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 15 November 1993 to 15 November 1994 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	15 November 1993 to 30 June 2001	1 July 2001 to 30 June 2002	1 July 2000 to 30 June 2001
Income			
Assessed contributions b/	910	-	-
Interest income	84	5	13
Other/miscellaneous income	91	-	-
Total income	**1 085**	**5**	**13**
Total expenditure	**587**	**-**	**-**
Excess (shortfall) of income over expenditure	**498**	**5**	**13**
Prior-period adjustments	(7)	(1)	(1)
Net excess (shortfall) of income over expenditure	**491**	**4**	**12**
Savings on or cancellation of prior-period obligations	5	-	-
Credits returned to Member States	(375)	-	-
Reserves and fund balances, beginning of period	-	121	109
Reserves and fund balances, end of period	**121**	**125**	**121**

Statement XXXIII (concluded)

United Nations Military Liaison Team in Cambodia (UNMLT)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	223	222
Assessed contributions receivable from Member States b/	12	13
Total assets	**235**	**235**
Liabilities		
Contributions or payments received in advance	1	1
Accounts payable to Member States	109	110
Inter-fund balances payable	-	3
Total liabilities	**110**	**114**
Reserves and fund balances		
Cumulative surplus	125	121
Total reserves and fund balances	**125**	**121**
Total liabilities, reserves and fund balances	**235**	**235**

a/ See notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

The accompanying notes are an integral part of the financial statements.

Statement XXXIV

United Nations Transitional Authority in Cambodia (UNTAC) a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 1 November 1991 to 31 March 1994 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	1 November 1991 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	1 599 916	-	-
Voluntary contributions	9 493	-	-
Interest income	7 379	56	51
Other/miscellaneous income	6 183	-	128
Total income	**1 622 971**	**56**	**179**
Total expenditure	**1 640 831**	**-**	**-**
Excess (shortfall) of income over expenditure	**(17 860)**	**56**	**179**
Prior-period adjustments c/	(467)	(51)	1 682
Net excess (shortfall) of income over expenditure	**(18 327)**	**5**	**1 861**
Savings on or cancellation of prior-period obligations	27 883	-	1 288
Credits returned to Member States	(8 743)	-	-
Reserves and fund balances, beginning of period	-	813	(2 336)
Reserves and fund balances, end of period	**813**	**818**	**813**

Statement XXXIV (concluded)

United Nations Transitional Authority in Cambodia (UNTAC)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	661	45
Cash pool d/	1 074	1 023
Assessed contributions receivable from Member States b/	43 057	43 755
Accounts receivable from Member States	202	207
Other accounts receivable	216	216
Inter-fund balances receivable	-	150
Deferred charges	128	128
Total assets	**45 338**	**45 524**
Liabilities		
Contributions or payments received in advance	571	609
Unliquidated obligations - prior periods	933	966
Accounts payable to Member States	42 409	42 386
Other accounts payable	150	152
Deferred credits	457	598
Total liabilities	**44 520**	**44 711**
Reserves and fund balances		
Cumulative surplus	818	813
Total reserves and fund balances	**818**	**813**
Total liabilities, reserves and fund balances	**45 338**	**45 524**

a/ The special account of the United Nations Mission in Cambodia (UNAMIC) has been consolidated into the special account for the United Nations Transitional Authority in Cambodia (UNTAC). See also notes 2 and 3.

b/ Includes assessed contributions unpaid irrespective of collectability.

c/ Comprises compensation claim of $50,000 and other prior-year charges of $835.

d/ Represents share of the cash pool and comprises cash and term deposits of $33,337, short-term investments of $11,997 (market value $12,100), long-term investments of $1,019,875 (market value $1,026,952) and accrued interest receivable of $8,419.

The accompanying notes are an integral part of the financial statements.

Statement XXXV

United Nations Transition Assistance Group (UNTAG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 1 April 1988 to 30 June 1991 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	1 April 1988 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	416 162	-	-
Voluntary contributions	23 736	-	-
Interest income	43 441	1 268	1 444
Other/miscellaneous income	13 387	-	-
Total income	**496 726**	**1 268**	**1 444**
Total expenditure	**374 185**	-	-
Excess (shortfall) of income over expenditure	**122 541**	**1 268**	**1 444**
Prior-period adjustments	(578)	(1)	(76)
Net excess (shortfall) of income over expenditure	**121 963**	**1 267**	**1 368**
Savings on or cancellation of prior-period obligations	32 016	-	-
Credits returned to Member States	(66 896)	-	-
Transfer to United Nations Peacekeeping Reserve Fund	(49 243)	-	-
Reserves and fund balances, beginning of period	-	37 840	36 472
Reserves and fund balances, end of period	**37 840**	**39 107**	**37 840**

Statement XXXV (concluded)

United Nations Transition Assistance Group (UNTAG)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	496	481
Cash pool c/	38 499	21 241
Assessed contributions receivable from Member States b/	122	128
Inter-fund balances receivable	-	3
Due from United Nations Operation in Somalia	-	16 000
Total assets	**39 117**	**37 853**
Liabilities		
Contributions or payments received in advance	2	3
Accounts payable to Member States	8	10
Total liabilities	**10**	**13**
Reserves and fund balances		
Cumulative surplus	39 107	37 840
Total reserves and fund balances	**39 107**	**37 840**
Total liabilities, reserves and fund balances	**39 117**	**37 853**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $1,195,427, short-term investments of $430,211 (market value $433,890), long-term investments of $36,571,151 (market value $36,824,923) and accrued interest receivable of $301,889.

The accompanying notes are an integral part of the financial statements.

Statement XXXVI

United Nations Iran-Iraq Military Observer Group (UNIIMOG) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 9 August 1988 to 31 March 1991 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	9 August 1988 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 2000 to 30 June 2001*
Income			
Assessed contributions b/	199 113	-	-
Voluntary contributions	14 715	-	-
Interest income	12 256	185	239
Other/miscellaneous income	12 053	-	5
Total income	**238 137**	**185**	**244**
Total expenditure	**177 895**	-	-
Excess (shortfall) of income over expenditure	**60 242**	**185**	**244**
Prior-period adjustments	227	(1)	(55)
Net excess (shortfall) of income over expenditure	**60 469**	**184**	**189**
Savings on or cancellation of prior-period obligations	4 997	-	-
Credits returned to Member States	(43 484)	-	-
Transfer to United Nations Peacekeeping Reserve Fund	(18 156)	-	-
Reserves and fund balances, beginning of period	-	3 826	3 637
Reserves and fund balances, end of period	**3 826**	**4 010**	**3 826**

Statement XXXVI (concluded)

United Nations Iran-Iraq Military Observer Group (UNIIMOG)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Cash and term deposits	610	595
Cash pool c/	3 354	3 181
Assessed contributions receivable from Member States b/	79	85
Inter-fund balances receivable	2	1
Total assets	**4 045**	**3 862**
Liabilities		
Contributions or payments received in advance	21	22
Accounts payable to Member States	14	14
Total liabilities	**35**	**36**
Reserves and fund balances		
Cumulative surplus	4 010	3 826
Total reserves and fund balances	**4 010**	**3 826**
Total liabilities, reserves and fund balances	**4 045**	**3 862**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability.

c/ Represents share of the cash pool and comprises cash and term deposits of $104,137, short-term investments of $37,477 (market value $37,797), long-term investments of $3,185,815 (market value $3,207,922) and accrued interest receivable of $26,298.

The accompanying notes are an integral part of the financial statements.

Statement XXXVII

Special Account for the United Nations Emergency Force (UNEF) 1956 a/

Statement of income and expenditure and changes in reserves and fund balances for the period from 5 November 1956 to 30 June 1967 as at 30 June 2002

(Thousands of United States dollars)

	Period		
	5 November 1956 to 30 June 2001	*1 July 2001 to 30 June 2002*	*1 July 200 to 30 June 2001*
Income			
Assessed contributions b/	166 375	-	-
Voluntary contributions	28 086	-	-
Proceeds from sale of United Nations bonds	19 207	-	-
Appropriated from United Nations Special Account	3 911	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	9 810	(1 331)	979
Total income	**227 389**	**(1 331)**	**979**
Total expenditure	**215 540**	-	-
Net excess (shortfall) of income over expenditure	**11 849**	**(1 331)**	**979**
Reserves and fund balances, beginning of period	-	11 849	10 870
Reserves and fund balances, end of period	**11 849**	**10 518**	**11 849**

Statement XXXVII (concluded)

Special Account for the United Nations Emergency Force (UNEF) 1956

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Unpaid assessed contributions b/	42 627	42 627
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	5 275	5 275
Excess of authorized expenditures over assessments and applied contributions	876	876
Inter-fund balances receivable	81	81
Total assets	**48 859**	**48 859**
Liabilities		
Accounts payable to Member States	16 798	15 467
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	465	465
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	614	614
Assessed on economically developed countries to meet reserve requirements d/	10 415	10 415
Due to United Nations Special Account	1 932	1 932
Due to United Nations bond account	8 117	8 117
Total liabilities	**38 341**	**37 010**
Reserves and fund balances		
Cumulative surplus	10 518	11 849
Total reserves and fund balances	**10 518**	**11 849**
Total liabilities, reserves and fund balances	**48 859**	**48 859**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability. The amounts due from each Member States are unchanged from 30 June 2001, the details of which are contained in schedule 37.1 of the financial report and audited financial statements on peacekeeping operations for the period ended 30 June 2001.

c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.

d/ For 1965, $3,550,000 pursuant to section II of General Assembly resolution 2115 (XX) of 21 December 1965; for 1966, $3,550,000 pursuant to section III of the resolution; for 1967, $3,315,000 pursuant to resolution 2194 B (XXI) of 16 December 1966.

The accompanying notes are an integral part of the financial statements.

Statement XXXVIII

Ad hoc Account for the United Nations Operation in the Congo (ONUC) a/

Statement of income and expenditure and changes in reserves and fund balances
for the period from 14 July 1960 to 30 June 1964 as at 30 June 2002
(Thousands of United States dollars)

	Period		
	14 July 1960 to 30 June 2001	1 July 2001 to 30 June 2002	1 July 2000 to 30 June 2001
Income			
Assessed contributions b/	241 549	-	-
Voluntary contributions	36 193	-	-
Proceeds from the sale of United Nations bonds	110 726	-	-
Investment income	89	-	-
Miscellaneous, and savings in liquidating obligations and adjustments c/	45 980	(118)	108
Total income	**434 537**	**(118)**	**108**
Total expenditure	**397 437**	-	-
Net excess (shortfall) of income over expenditure	**37 100**	**(118)**	**108**
Reserves and fund balances, beginning of period	-	37 100	36 992
Reserves and fund balances, end of period	**37 100**	**36 982**	**37 100**

Statement XXXVIII (concluded)

Ad hoc Account for the United Nations Operation in the Congo (ONUC)

Statement of assets, liabilities, reserves and fund balances as at 30 June 2002

(Thousands of United States dollars)

	2002	*2001*
Assets		
Unpaid assessed contributions b/	73 892	73 892
Special account for unpaid assessed contributions pursuant to General Assembly resolution 3049 C (XXVII)	6 687	6 687
Excess of authorized expenditures over assessments and applied voluntary contributions d/	1 973	1 973
Inter-fund balances receivable	909	909
Total assets	**83 461**	**83 461**
Liabilities		
Accounts payable to Member States	6 736	6 618
Member States' credits for staff assessment income not required to meet the cost of income tax refunds (non-United States share)	855	855
Special account for voluntary contributions to finance unassessed appropriations - to the credit of contributing Member States	1 560	1 560
Due to United Nations Special Account	1 397	1 397
Due to United Nations bond account	35 931	35 931
Total liabilities	**46 479**	**46 361**
Reserves and fund balances		
Cumulative surplus	36 982	37 100
Total reserves and fund balances	**36 982**	**37 100**
Total liabilities, reserves and fund balances	**83 461**	**83 461**

a/ See notes 2 and 3.

b/ Includes unpaid assessed contributions irrespective of collectability. The amounts due from each Member State are unchanged from 30 June 2001, the details of which are contained in schedule 38.1 of the financial report and audited financial statements on peacekeeping operations for the period ended 30 June 2001.

c/ Represents loss on exchange from the revaluation of accounts payable expressed in local currency.

d/ For 1961, $268,455; for the second half of 1963, $1,118,712; for the first half of 1964, $585,899.

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements for peacekeeping operations for the period from 1 July 2001 to 30 June 2002

Note 1
The United Nations and its activities

(a) The Charter of the United Nations was signed on 26 June 1945 and came into force on 24 October 1945. The Organization's primary objectives, to be implemented through its five major organs, were as follows:

(i) The maintenance of international peace and security;

(ii) The promotion of international economics, social progress and development programmes;

(iii) Universal observance of human rights;

(iv) The administration of international justice and law;

(v) The development of self-government for Trust Territories;

(b) The General Assembly focuses on a wide range of political, economic and social issues, as well as the financial and administrative aspects of the Organization;

(c) Under the direction of the Security Council, the Organization has been involved in various aspects of peacekeeping and peacemaking, including efforts towards resolving conflicts, restoring democracy, promoting disarmament, providing electoral assistance and facilitating post-conflict peace-building, and engaging in humanitarian activities to ensure the survival of groups deprived of basic needs;

(d) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(e) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(f) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

Note 2
Summary of significant accounting policies

The following are the significant accounting policies of the United Nations:

(a) The accounts of the United Nations are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the Rules formulated by the Secretary-General as required under the Regulations and administrative instructions issued by the Under-Secretary-General for Management or the Controller. They also take fully into account the United Nations system accounting standards, as adopted by the Administrative Committee on Coordination (ACC) (now the United Nations System Chief Executives Board for Coordination). The Organization follows international accounting standard 1 on the disclosure of accounting policies, as modified and adopted by ACC as follows:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include a clear and concise disclosure of all significant accounting policies that have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show comparative figures for the corresponding preceding financial period;

(vi) A change in an accounting policy that has a material effect in the current period or that may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified;

(b) The United Nations accounts are maintained on a fund accounting basis. Separate funds for general or special purposes may be established by the General Assembly, the Security Council or the Secretary-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing, double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature;

(c) In accordance with the requirements of General Assembly resolution 49/233 A of 23 December 1994, the financial period for peacekeeping operations was changed to a fiscal year period of 1 July to 30 June. The financial period of the Organization for all other funds is a biennium consisting of two consecutive calendar years;

(d) Generally, income, expenditure, assets and liabilities are recognized on the accrual basis of accounting. For assessed income, the policy set out in paragraph (i) (ii) below applies;

(e) The accounts of the Organization are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at a rate of exchange established by the Under-Secretary-General for Management. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller under delegation of authority from the Under-Secretary-General for Management shall reflect the cash, investments, unpaid pledges and current accounts receivable and payable in currencies other than United States dollars translated at the applicable United Nations rates of exchange in effect as at the date of the statements. In the event that the application of actual exchange rates at the date of the statements would provide a valuation significantly different from the application of United Nations rates of exchange for the last month of the financial period, the difference will be quantified in a footnote;

(f) The Organization's financial statements are prepared on the historical cost basis of accounting and are not adjusted to reflect the effects of changing prices for goods and services;

(g) The Organization's financial statements are presented in accordance with the ongoing recommendations of the Working Party on Accounting Standards to the United Nations System Chief Executives Board for Coordination;

(h) The results of the Organization's operations set out in statements I, II and III are shown in summary by general type of activity as well as on a consolidated basis after the elimination of all inter-fund balances and instances of double-counting of income and expenditure. Their presentation on a consolidated basis does not imply that the various separate funds can be intermingled in any way since, normally, resources may not be utilized between funds;

(i) Income:

(i) Amounts necessary to finance the activities of peacekeeping operations are assessed on Member States according to the scale of assessments determined by the General Assembly;

(ii) For purposes of the financial statements, income is recognized when an assessment on Member States has been authorized by the General Assembly and notifications of assessment have been issued by the Secretariat for the financial period. Neither appropriations nor spending authorities are recognized as income except to the extent that a matching assessment on Member States has been levied;

(iii) Amounts assessed on non-member States that agree to reimburse the Organization for the cost of their participation in United Nations treaties, organs and conferences are credited to miscellaneous income;

(iv) Voluntary contributions from Member States or other donors are recorded as income on the basis of a written commitment to pay monetary contributions at specified times within the current financial period. In accordance with General Assembly resolution 44/192 A of 21 December 1989, voluntary contributions made in cash or in the form of services and supplies that are acceptable to the Secretary-General are credited to income or noted in the financial statements;

(v) Allocations from other funds represent monies appropriated or designated from one fund for transfer to and disbursement from another fund;

(vi) Income for services rendered includes reimbursements for salaries of staff members and other costs that are attributable to providing technical and administrative support to other organizations;

(vii) Interest income includes all interest earned on deposits in various bank accounts and investment income earned on the cash pool. All realized losses and net unrealized losses on short-term investments in the cash pool are offset against investment income. Investment income and costs associated with the operation of investments in the cash pool are allocated to participating funds;

(viii) Miscellaneous income includes income from the rental of premises, the sale of used or surplus property, refunds of expenditures charged to prior periods, income resulting from net gains resulting from currency translations, settlements of insurance claims, amounts assessed on non-member States as stated in paragraph (i) (iii) above, monies accepted for which no purpose was specified and other sundry income;

(j) Expenditure:

(i) Expenditures are incurred against authorized allotments. Total expenditures reported include unliquidated obligations and disbursements;

(ii) Expenditures incurred for non-expendable property are charged to the budget of the period when acquired and are not capitalized. Inventory of such non-expendable property is maintained at historical cost;

(iii) Expenditures for future financial periods are not charged to the current financial period and are recorded as deferred charges, as referred to in paragraph k (iv) below;

(k) Assets:

(i) Cash and term deposits represent funds in demand deposit accounts and interest-bearing bank deposits;

(ii) The cash pool comprises participating funds' share of the cash and term deposits, short-term and long-term investments and accrual of investment income, all of which are managed in the pool. Short-term investments are stated at cost or market, whichever is lower; long-term investments are stated at cost. Cost is defined as the nominal value plus or minus any unamortized premium or discount. The share in the cash pool is reported separately in each of the participating fund's statements, and its composition and the market value of its investments are disclosed in footnotes to the statements;

(iii) Assessed contributions represent a legal obligation of contributors, and therefore the balances of unpaid assessed contributions due from Member States are reported irrespective of collectability. It is the policy of the United Nations not to make provision for delays in the collection of such assessments;

(iv) Deferred charges normally comprise expenditure items that are not properly chargeable in the current financial period. They will be charged as expenditure in a subsequent period. These expenditure items include commitments approved by the Controller for future financial periods in accordance with financial rule 110.6. Such commitments are normally restricted to administrative requirements of a continuing nature and to contracts or legal obligations where long lead times are required for delivery;

(v) For purposes of the balance sheet statements only, those portions of education grant advances that are assumed to pertain to the scholastic years completed as at the date of the financial statement are shown as deferred charges. The full amounts of the advances are maintained as accounts receivable from staff members until the required proof of entitlement is produced, at which time the budgetary accounts are charged and the advances settled;

(vi) Maintenance and repairs of capital assets are charged against the appropriate budgetary accounts. Furniture, equipment, other non-expendable property and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase. The value of non-expendable property is disclosed in the notes to the financial statements;

(l) Liabilities, reserves and fund balances:

(i) Operating and other types of reserves are included in the totals for "reserves and fund balances" shown in the financial statements;

(ii) Unliquidated obligations for future years are reported both as deferred charges and as unliquidated obligations;

(iii) Deferred credits include income received but not yet earned and repatriation grants payable in future years;

(iv) Commitments of the Organization relating to prior, current and future financial periods are shown as unliquidated obligations. Current-period obligations related to the special account for peacekeeping operations remain valid for 12 months following the end of the financial period to which they relate. Unliquidated obligations relating to peacekeeping operations owed to Member States may be retained for an additional period of four years beyond the 12-month period provided for in regulation 4.3;

(v) Contingent liability, if any, is disclosed in the notes to the financial statements;

(vi) The United Nations is a member organization participating in the United Nations Joint Staff Pension Fund (UNJSPF), which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded defined-benefit plan. The financial obligation of the Organization to UNJSPF consists of its mandated contribution at the rate established by the General Assembly together with its share of any actuarial deficiency payments under article 26 of the regulations of the Fund. Such deficiency payments are payable only if and when the Assembly has invoked the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. As at the date of the current financial statement, the Assembly had not invoked that provision.

Note 3
Accounting provisions for peacekeeping operations

The accounts for the peacekeeping operations have been maintained in accordance with the provisions of the Financial Regulations and Rules of the United Nations, with due regard for the following:

(a) Financial regulation 2.1, which states that the financial period of peacekeeping operations with special accounts shall be one year, from 1 July to 30 June;

(b) Financial regulation 11.4, which states that the annual accounts for peacekeeping operations with special accounts shall be submitted by the Secretary-General to the Board of Auditors no later than 30 September each year;

(c) Article IV of the Financial Regulations. Special arrangements have been made by the General Assembly relating to unliquidated obligations for certain peacekeeping operations. Paragraph 2 of its resolution 33/13 F of 14 December 1978 reads as follows:

> "[*The General Assembly*]
>
> "2. *Approves* the following special arrangements for the United Nations Emergency Force and the United Nations Disengagement Observer Force in regard to the application of Article IV of the United Nations Financial Regulations, whereby appropriations required in respect of obligations owed to Governments providing contingents and/or logistic support to the Forces shall be retained beyond the period stipulated under financial regulations 4.3 and 4.4:
>
> "(a) At the end of the twelve-month period provided for in regulation 4.3, any unliquidated obligations of the financial period in question relating to goods supplied and services rendered by Governments for which claims have been received, or which are covered by established reimbursement rates, shall be transferred to accounts payable; such accounts payable shall remain recorded in the Special Account until payment is effected;
>
> "(b) Any other unliquidated obligations of the financial period in question owed to Governments for goods supplied and services rendered, as well as other obligations owed to Governments, for which required claims have not yet been received, shall remain valid for an additional period of four years following the end of the twelve-month period provided in regulation 4.3; claims received during this four-year period shall be treated as provided under subparagraph (a) above, if appropriate; at the end of the additional four-year period any unliquidated obligations shall be cancelled and the then remaining balance of any appropriations retained therefor will be surrendered."

Similar provisions have been accorded to other missions, as follows:

Mission	*Resolution/decision*	*Date*
UNIFIL	34/9 C	17 December 1979
UNIIMOG	45/245	31 December 1990
UNTAG	45/265	17 May 1991
UNIKOM	47/208 B	14 September 1993
UNPROFOR	47/210 B	14 September 1993
ONUSAL	47/234	14 September 1993
UNAVEM	49/227	23 December 1994
MINURSO	49/466	23 December 1994
UNOMIG	49/231	12 July 1995
UNOMIL	50/210	23 December 1995
UNMIH	50/90 B	7 June 1996

Mission	*Resolution decision*	*Date*
UNAMIR	50/211 B	7 June 1996
UNFICYP	50/236	7 June 1996
UNSMIH	51/15 B	13 June 1997
UNMIBH	51/152 B	13 June 1997
UNTAES	51/153 B	13 June 1997
UNPREDEP	51/154 B	13 June 1997
UNMOT	52/229 B	26 June 1998
UNTAC	52/239	26 June 1998
ONUMOZ	52/240	26 June 1998
UNOSOM[a]	-	-
MIPONUH	53/222 B	8 June 1999
United Nations Civilian Police Support Group	53/234	8 June 1999
MINURCA	53/238	8 June 1999
UNPF	54/269	15 June 2000
UNMIK	55/227 B	14 June 2001
UNTAET	55/228 B	14 June 2001
UNAMSIL	55/251 B	14 June 2001
UNMEE	56/250 B	27 June 2002

[a] The concurrence of the Advisory Committee on Administrative and Budgetary Questions is contained in a letter dated 16 July 1997.

(d) Voluntary contributions:

(i) General provisions:

a. In accordance with General Assembly resolution 44/192 A of 21 December 1989, voluntary contributions made as outright grants, both in cash and in the form of services and supplies acceptable to the Secretary-General, shall be considered income to be credited to the special account for each peacekeeping operation except the United Nations Interim Force in Lebanon. Contributions in cash made available to the Secretary-General on a voluntary basis as advances shall not be considered as income in determining the total amount to be assessed on Member States; unless otherwise specified by the donor, such contributions shall be deposited in suspense accounts;

b. In that resolution, the General Assembly took note of certain proposals on technical guidelines relating to the treatment and valuation of voluntary contributions in the form of supplies and services. Those guidelines state that cost of facilities agreed to be provided by Member States in whose countries peacekeeping operations are located shall be excluded from the determination of voluntary contributions. The guidelines also include a provision stating that where a voluntary contribution in kind is made as a grant in respect of supplies and services and for which there is no budgetary provision, no accounting entry will be made, but the amount of the contribution will be reflected in a footnote to the financial statements. Where such contributions are made in respect of supplies and services included in the budget, they will be recorded as income under the heading "Voluntary contributions" at the level at which the supplies and services have been budgeted; they will be recorded in the accounts only at the time of delivery of supplies or commencement of services;

(ii) United Nations Peacekeeping Force in Cyprus accounts:

a. Prior to 16 June 1993, the Secretary-General was not authorized to utilize any funds other than the voluntary contributions pledged by Governments for the financing of UNFICYP. In accordance with financial rule 106.1, no commitments, obligations or disbursements against any funds could be incurred without the written authorization of the Controller or his authorized delegate. Such authorizations take the form of allotments, which could be issued for the period prior to 16 June 1993 only after sufficient contributions had been received to meet the requirements for financial obligations. UNFICYP allotments and the recording of obligations for the period prior to 16 June 1993 are limited to amounts that are within the total of pledged contributions. As a consequence, the full amount of UNFICYP obligations that will be payable for the period prior to 16 June 1993 has not been recorded, in particular in respect of reimbursements for extra costs in connection with pay and allowances of contingents and for extra costs in connection with contingent-owned equipment. The amount of such unrecorded obligations is reflected in a footnote to the appropriate financial statements;

b. The General Assembly decided, in its resolution 47/236 of 14 September 1993, that, beginning 16 June 1993, the costs of UNFICYP should be treated as expenses of the Organization to be borne by Member States in accordance with Article 17, paragraph 2, of the Charter of the United Nations. Mandate periods from 16 June 1993 to 30 June 2002 have been established, for which appropriations and assessments have been raised on the Member States in accordance with relevant General Assembly resolutions;

(e) Peacekeeping Reserve Fund. By its resolution 47/217 of 23 December 1992, the General Assembly established the United Nations Peacekeeping Reserve Fund as a cash-flow mechanism to ensure the rapid response of the Organization to the needs of peacekeeping operations. The level of the Peacekeeping Reserve Fund was established at $150 million. In accordance with the resolution, $49,242,762 was allocated from unencumbered balances in the Special Account of the United Nations Transition Assistance Group, $18,156,200 from unencumbered balances in the special account of the United Nations Iran-Iraq Military Observer Group and $82,601,038 from authorized retained savings in the United Nations General Fund.

Note 4
Explanatory notes on assessed contributions receivable

Assessed contributions receivable, as shown in the accounts for the period ended 30 June 2002, have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policy of the United Nations. With reference to the amounts shown as unpaid, certain Member States have indicated that they do not intend to pay some of their assessed contributions or that such contributions will be paid only under certain conditions. Based on United Nations policy as stated in note 2 (k) (iii) above, no provision has been made for delays in the collection of outstanding assessed contributions. With regard to the foregoing, a number of Member States have requested that attention be drawn to their positions (as stated by their delegations at successive sessions of the General Assembly), in particular with respect to the following:

(a) To the extent that the amounts relate to expenditures under the United Nations Emergency Force (1956) special account and under the Ad hoc Account for the United Nations Operation in the Congo, which, in the view of some Member States, were illegal, they do not consider themselves bound, under the provisions of Article 17 of the Charter of the United Nations, to participate in paying for those expenditures. As a result, withholdings by certain Member States from payments for the financing of UNEF 1956 (statement XXXVII) and ONUC (statement XXXVIII) are estimated to be $38.6 million and $70.2 million respectively. The estimate, which is based on the apportioned shares of the States concerned, excludes $5.3 million and $6.7 million respectively in unpaid assessed contributions to UNEF (1973) and ONUC by China for the period up to 24 October 1971. Following the adoption by the General Assembly of its resolution 2758 (XXVI), entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations", on 25 October 1971, that amount was transferred to a special account pursuant to Assembly resolution 3049 C (XXVII) of 19 December 1972;

(b) Certain Member States have stated that they do not intend to participate in the financing of UNEF (1973), the United Nations Disengagement Observer Force and UNIFIL; other States have stated that they have excluded from their contributions to UNEF (1973) their shares of the expenses that they attribute to the additional functions resulting from the agreement of 4 September 1975 between Egypt and Israel;

(c) As a result of the positions taken by some Member States as outlined above, certain Member States have not participated in the financing of UNEF (1973) and UNDOF in an estimated amount of $1.2 million, which covers UNEF (1973) until its liquidation in 1979 and UNDOF to 30 June 2002. That amount excludes $36 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account by virtue of General Assembly resolution 36/116 A of 10 December 1981;

(d) Withholdings by certain Member States from payments for the financing of UNIFIL are estimated to be $35.1 million. That estimate, which is based on the apportioned shares of the States concerned from the inception of UNIFIL on 19 March 1978 to 30 June 2002, excludes $19.6 million in unpaid assessed contributions by China for the period from 25 October 1971 to 31 December 1981, which was transferred to a special account in accordance with General Assembly resolution 36/116 A;

(e) Status of unpaid assessed contributions as at 30 June 2002:

(i) Schedules of assessed contributions unpaid as at 30 June 2002 for each mission showing the amounts receivable from individual Member States are not included in the financial statements. However, detailed information for each of the separate peacekeeping operations on assessments and collections as at 30 June 2002 and on all outstanding balances due for each Member State is shown in the status of contributions report (ST/ADM/SER.B/591);

(ii) The status of contributions report for 30 June 2002 was printed too early in July to reflect any assessments or the application of credits returned to Member States that were approved by the General Assembly in late June. However, the financial statements include such late-June transactions, and the new amounts due become part of the outstanding contributions from Member States shown as at 30 June 2002. As a result, in some cases the amounts shown as contributions outstanding from Member States as at 30 June 2002 in the status of contributions report may be lower or higher than the corresponding amounts shown in financial statements as at 30 June 2002. The differences are shown in the following table:

(Thousands of United States dollars)

Mission	*Balance according to status of contributions report*[a]	*June 2002 assessment*	*Less June 2002 application of credits returned*	*Other*[b]	*Balance according to financial statements*
UNFICYP	13 901	879	1 047	(70)	13 663
UNDOF	15 272	2 920	2 870	98	15 420
UNIFIL	106 464	-	22 646	506	84 324
UNIKOM	13 921	-	1 846	124	12 199
MINURSO	52 178	-	3 843	164	48 499
UNMIBH	60 655	3 454	10 840	84	53 353
UNOMIG	9 698	-	3 166	16	6 548
UNAMSIL	166 481	-	25 415	31	141 097
UNMIK	96 651	-	47 986	32	48 697
MONUC	117 446	2 379	25 490	11	94 346
UNTAET	93 976	79 343	62 675	26	110 670
UNMEE	50 449	-	17 072	-	33 377
Peacekeeping Reserve Fund	26	-	-	-	26
UNMOT	1 148	-	-	382	1 530
MIPONUH	19 597	-	-	223	19 820
MINURCA	35 838	-	-	112	35 950
MONUA	51 279	-	-	293	51 572
UNPREDEP	9 217	105	5 711	26	3 637

Mission	*Balance according to status of contributions report*[a]	*June 2002 assessment*	*Less June 2002 application of credits returned*	*Other*[b]	*Balance according to financial statements*
UNTAES	24 978	-	10 642	90	14 426
UNOMIL	3 497	-	-	45	3 542
UNPF	203 548	-	12 824	1 261	191 985
MINUGUA	141	-	-	9	150
UNMIH	1 839	-	-	102	1 941
UNAMIR	19 305	-	-	125	19 430
ONUSAL	1 761	-	-	1 015	2 776
ONUMOZ	18 515	-	-	263	18 778
UNOSOM	60 808	-	-	557	61 365
UNMLT	(97)	-	-	109	12
UNTAC	42 365	-	-	692	43 057
UNTAG	116	-	-	6	122
UNIIMOG	60	-	-	19	79
UNEF (1956)	-	-	-	42 627	42 627
ONUC	-	-	-	73 892	73 892
Total	**1 291 033**	**89 080**	**254 073**	**122 870**	**1 248 910**

[a] ST/ADM/SER.B/591; excludes UNEF (1956) and ONUC.

[b] Includes amounts due to the former Yugoslavia and amounts in respect of UNEF (1956) and ONUC, which are excluded from the status of contributions report.

Note 5

Peacekeeping special account fund summaries: income and expenditure and changes in reserves and fund balances (statement I); assets, liabilities, reserves and fund balances (statement II); and cash flows (statement III)

(a) Statements I, II and III contain financial results for all United Nations peacekeeping funds, which are broken down into three groups of related funds and consolidated into a grand total reflecting all individual peacekeeping accounts of the Organization. This consolidated presentation should not be interpreted to mean that any of the individual funds can be used for any purpose other than that for which it is authorized. The financial results of all peacekeeping operations are summarized in statements I and II. These are categorized as all active peacekeeping missions (statements IV-XV), the Peacekeeping Reserve Fund (statement XVI), the support account for peacekeeping operations (statement XVII), the United Nations Logistics Base at Brindisi (statement XVIII) and completed peacekeeping missions (statements XIX-XXXVIII);

(b) To comply with the uniform financial statement formats, statement I includes two calculations of the excess or shortfall of income over expenditure. The first calculation is based on income and expenditure only for the current period. The second calculation shown is a net one, which includes any prior-period adjustments to income or expenditure;

(c) The cash flow summary statement for peacekeeping operations (statement III) is based on the indirect method of cash flow statements covered by international accounting standard 7.

Note 6
United Nations Emergency Force (1973) and United Nations Disengagement Observer Force (statement V)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 4.3, 4.4, 5.2 (b) and 5.2 (d) in order to allow UNEF and UNDOF to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of Assembly resolution 50/83 of 15 December 1995, the authorized retained surplus was reduced proportionately by a total of $15.3 million to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. Under the terms of resolution 53/226 of 8 June 1999, the UNEF share of the authorized retained surplus, amounting to $49,609,273, was reduced by $5,600,000. Under the terms of resolution 54/266 of 15 June 2000, the authorized retained surplus was reduced by $4,022,162. Under the terms of resolution 55/264 of 14 June 2001, the authorized retained surplus was further reduced by $4 million, representing the final instalment towards a total of $13,622,162 (see resolution 53/226) to be credited back to Member States, leaving a balance of authorized retained surplus of $35,987,111 as at 30 June 2002.

Note 7
United Nations Interim Force in Lebanon (statement VI)

The General Assembly, on a number of occasions, has authorized the temporary suspension of financial regulations 4.3, 4.4, 5.2 (b) and 5.2 (d) in order to allow UNIFIL to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 50/83, those authorized retained surpluses were reduced proportionately by a total of $25.6 million to offset in part the waiver of South Africa's unpaid contributions to various peacekeeping operations for the period from 30 September 1974 to 23 June 1994. The total authorized retained surplus was $82,877,949 as at 30 June 2002.

Note 8
United Nations Support Mission in Haiti, United Nations Transition Mission in Haiti and United Nations Civilian Police Mission in Haiti (statement XX)

The General Assembly has authorized the temporary suspension of financial regulations 4.3, 4.4 and 5.2 (d) in order to allow UNSMIH, UNTMIH and MIPONUH to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of General Assembly resolution 56/507 of 27 June 2002, an amount of $4,000,200 was authorized to be retained as at 30 June 2002 in view of the cash shortage in UNSMIH, UNTMIH and MIPONUH.

Note 9
United Nations Peace Forces (statement XXVI)

The General Assembly, on two occasions, has authorized the temporary suspension of financial regulations 4.3, 4.4 and 5.2 (d) in order to allow UNPF to retain certain amounts of surplus that otherwise would have been returned to Member States. Under the terms of resolution 56/500 of 27 June 2002, an amount of $61,215,804 was authorized to be retained as at 30 June 2002 in order to allow for reimbursement to troop contributors, in view of the cash shortage in UNPF.

Note 10
Surplus to be transferred

Under the terms of General Assembly resolution 56/292 of 27 June 2002, amounts of $95,978,945 and $45,567,055 have been authorized to be transferred from the reserves and fund balances of UNPF (statement XXVI) and UNMIH (statement XXVIII) respectively for strategic deployment stocks to be held in the account of the United Nations Logistics Base. Such transfers will take place once Member States have notified which option they will use to fund their share of the strategic deployment stocks. The options for individual Member States are to either transfer their share in the above surpluses directly to the United Nations Logistics Base or, alternatively, to have their shares returned with a separate assessment for strategic deployment stocks.

Note 11
Non-expendable equipment

The following table shows the value of non-expendable equipment, at cost, at peacekeeping missions according to the cumulative inventory records of the United Nations as at 30 June 2002. In accordance with United Nations accounting policies, non-expendable equipment is not included in the fixed assets of the Organization, but is charged against the current appropriations when acquired.

(millions of United States dollars)

	Value of non-expendable equipment	
Peacekeeping mission	*2002*	*2001*
UNFICYP	12.7	11.3
UNDOF	34.2	36.2
UNIFIL	130.5	134.8
UNIKOM	23.6	23.1
MINURSO	26.0	25.4
UNMIBH	59.3	61.4
UNOMIG	17.4	14.7
UNAMSIL	68.0	47.0
UNMIK	133.4	130.5
MONUC	101.5	38.0
UNTAET	67.3	64.0
UNMEE	34.2	22.7
UNLB	93.7	86.6
Total	**801.8**	**695.7**

Note 12
Contingent liabilities

(a) International accounting standard 10 broadly defines contingency as an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss that will ultimately be resolved when one or more future events occur or fail to occur;

(b) In accordance with the above definition, certain claims for reimbursement of services provided by Governments to MONUA estimated at $12.5 million have not been recorded in the accounts of the Mission. If additional funding is approved by the General Assembly, such claims would be recorded.

Note 13
Liabilities for end-of-service and post-retirement benefits

(a) The United Nations has not specifically recognized in any of its financial accounts liabilities for after-service health insurance costs or liabilities for other types of end-of-service payments that will be owed when staff members leave the Organization. Such payments are budgeted for in the regular budget and in peacekeeping operations, and the actual costs incurred in each financial period are reported as current expenditures;

(b) Staff members who separate from the Organization are entitled to be paid for any unused vacation days they may have accrued up to a maximum of 60 days. The Organization's liability for such unpaid accrued vacation compensation in respect of peacekeeping operations is estimated to be between $25 million and $30 million as at 30 June 2002;

(c) Some staff members are entitled to repatriation grants and payment of expenditures related to relocation upon their termination from the Organization based on the number of years of service. The Organization's liability for such unpaid repatriation and relocation entitlements in respect of peacekeeping operations is estimated to be between $20 million and $25 million as at 30 June 2002.

Annex I

Peacekeeping operations funded by the regular budget: status of appropriations by major object of expenditure for the six-month period ended 30 June 2002

(Thousands of United States dollars)

Programme	*Appropriation*	*Salaries and related costs*	*Travel*	*Operating expenses and supplies*	*Acquisitions*	*Total expenditure*	*Unencumbered balance*
Administration and common services	2 077	342	-	131	100	573	1 504
Executive direction and management	7 805	1 610	45	58	-	1 713	6 092
UNTSO	46 224	8 978	540	522	301	10 341	35 883
UNMOGIP	13 112	1 897	369	378	30	2 674	10 438
Field operations support	4 383	1 112	11	-	-	1 123	3 260
Total	**73 601**	**13 939**	**965**	**1 089**	**431**	**16 424**	**57 177**

Annex II

Activities related to peacekeeping operations funded by trust funds: schedule of income, expenditure, reserves and fund balances for the fiscal year ended 30 June 2002

(Thousands of United States dollars)

Trust fund	*Reserves and fund balances, beginning of period*	*Income*	*Expenditures, transfers and adjustments*	*Reserves and fund balances, end of period*
Trust Fund for Iraq-Kuwait Border Issues	971	57	-	1 028
Trust Fund for the Restoration of Essential Public Services in Sarajevo	6 873	386	1 507	5 752
Trust Fund for Implementation of the Cotonou Accord on Liberia	3 505	204	-	3 709
Trust Fund to Support the Implementation of the Agreement on a Temporary Ceasefire and the Cessation of Other Hostile Acts on the Tajik-Afghan Border and within the Country for the Duration of the Talks	20	1	-	21
United Nations Trust Fund for Electoral Observation	1 755	421	(488)	2 664
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia-Eritrea Border	3 907	3 195	2 238	4 864
Trust Fund to Support the Multinational Force Deployed in East Timor	76 481	4 480	3 610	77 351
Trust Fund for the United Nations Transitional Administration in East Timor	30 723	1 247	19 215	12 755
Trust Fund to Support the Peace Process in Ethiopia and Eritrea	-	263	-	263
Voluntary Fund for the Cambodian Peace Process	4 101	230	-	4 331
Trust Fund for the Activities of the International Support and Verification Commission	661	30	469	222
Cambodia Trust Fund	2 061	112	-	2 173
Trust Fund for Somalia — Unified Command	4 995	227	4 382	840
Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces, signed in Moscow on 14 May 1994	572	17	327	262
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	5 766	2 488	3 909	4 345
Trust Fund for Confidence-building Measures in Eastern Slavonia	35	2	18	19
Trust Fund for the Enhancement of UNSMIH Capacity	242	13	30	225
Trust Fund for the Enhancement of UNTMIH Capacity	929	54	-	983

Trust fund	*Reserves and fund balances, beginning of period*	*Income*	*Expenditures, transfers and adjustments*	*Reserves and fund balances, end of period*
Trust Fund to Support United Nations Peacekeeping-related Efforts in Sierra Leone	1 874	316	980	1 210
Trust Fund for the Support of the Activities of MINURCA	447	9	431	25
Trust Fund to Support Public Information and Related Efforts in United Nations Peacekeeping Operations	133	59	17	175
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	38 467	2 240	-	40 707
Trust Fund for Activities Related to Administrative and Budgetary Aspects of Peacekeeping Operations	1	-	-	1
Trust Fund for Support from Government and Organizations to the Department of Peacekeeping Operations' Lessons-learned Mechanism	211	817	440	588
Trust Fund for the Financing of a United Nations International Conference on Medical Support for Peacekeeping Operations	6	3	-	9
Trust Fund to Support the Activities of the United Nations Disengagement Observer Force	411	329	362	378
Trust Fund for Assistance to Military Officers on Loan from Governments in Support of Peacekeeping	37	2	-	39
Trust Fund for Improving Preparedness for Conflict Prevention and Peacekeeping in Africa	193	12	7	198
Trust Fund for the Rapidly Deployable Mission Headquarters	1 030	41	108	963
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	1 149	59	335	873
Trust Fund to Support the United Nations Interim Administration in Kosovo	7 007	298	4 408	2 897
Total	**194 563**	**17 612**	**42 305**	**169 870**

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